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AGRICULTURAL COMPETITIVENESS AND TRADE ACT OF 1987

JUNE 19, 1987.—Ordered to be printed

Mr. BYRD (for Mr. LEAHY), from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 512]

The Committee on Agriculture, Nutrition, and Forestry to which was referred the bill (S. 512) having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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BRIEF EXPLANATION

The major provisions of the bill are briefly described below.

TITLE I—FINDINGS, POLICY, AND OBJECTIVES

Title I of the bill contains the findings of the Congress that United States agricultural trade is in a crisis state, evidenced by a decline of more than 37 percent in U.S. agricultural exports since 1981 and a 28 percent drop in worldwide U.S. market share during the last 5 years.

To encourage a long term multilateral solution to agricultural trade problems, Title I of the bill sets forth U.S. negotiating objectives with respect to agricultural trade in the upcoming round of multilateral trade negotiations concerning the General Agreement on Tariffs and Trade (GATT).

Title I provides that it is a policy of the United States to reduce federal government involvement in agriculture in cooperation with other nations. It is a negotiating objective of the United States to eliminate barriers to trade, to reduce or eliminate government subsidization of agriculture, to clarify the GATT rules pertaining to agricultural trade, and to make that body a more useful tool for resolving agricultural trade disputes. Other provisions of Title I emphasize the commitment of the United States to maintaining the viability of the family farm by, among other things, aggressively supporting farm programs at current or increased levels, if necessary, to promote exports and maintain a competitive position in world trade.

TITLE II—AGRICULTURAL TRADE INITIATIVES

Title II of S.512 as reported by the Committee contains several provisions designed to enhance our exports. Increased funding levels to the Foreign Agricultural Service (FAS) are authorized. Means are provided for a more effective use of FAS agricultural attaches and other staff. Additional staffing and funding are authorized for FAS, so that it may more effectively administer the many export promotion and market development programs under its responsibility, including the conduct of trade shows, promotion of high value-added agricultural exports, and the creation of new markets for U.S. exports.

TITLE III—EXISTING AGRICULTURAL TRADE PROGRAMS

Title III of the bill contains provisions designed to promote agricultural exports through the expanded use of existing authorities.

The Export Enhancement Program (EEP), in place to make U.S. agricultural exports more competitive on the world market, is expanded. Where there can be shown an adverse effect on the export of United States wheat or feed grains that has resulted from competitors' subsidies, the Secretary of Agriculture must use EEP to counter such subsidies to the extent necessary to make U.S. products competitive again. Other commodities may be included in this expanded program on petition to the Secretary of Agriculture. In addition, the bill increases the authorized amount of bonus commodities to be used through 1990.

In order to further combat unfair trade practices, authorized funding for the Targeted Export Assistance Program (TEA) is increased to $215 million for 1988 (over the current $110 million), but such increase must be appropriated in advance. TEA is to be funded at $325 million for the 1989 and 1990 fiscal years.

To increase the likelihood that successful multilateral negotiations will be completed within three years, S. 512 contains provisions that will establish a triggered marketing loan. This marketing loan program would be instituted for the 1990 crop year for certain commodities if an agreement under the GATT concerning agricultural trade has not been reached. The marketing loan program can be waived if the President certifies that there has been substantial progress toward the conclusion of a GATT agreement governing agricultural trade and that the marketing loan program would hamper this progress. If the President makes such certification, the bill establishes a procedure whereby the Congress can expeditiously act to disapprove the President's determination and implement the marketing loan program.

The bill amends the Food Security Act of 1985 to approve multiyear agreements under the Food for Progress program (if such agreements are requested and meet the requirements of the program).

TITLE IV—AGRICULTURAL AID AND TRADE MISSIONS

Title IV of the bill provides for the establishment of small missions composed of representatives of the executive branch, market development cooperators, private voluntary organizations ("PVOs"), and cooperatives to go to eligible developing countries with a potential for agricultural market development in order to (1) promote to the host country officials and private organizations the array of U.S. food aid and trade programs, and (2) seek commitments for firm proposals or agreements to implement such programs.

TITLES V AND VI—AMENDMENTS TO PUBLIC LAW 480 AND SECTION 416

The bill amends the Agricultural Trade Development and Assistance Act of 1954 (PL 480) and section 416 of the Agricultural Act of 1949 to provide for expansion of agricultural exports and markets through greater participation of PVOs and cooperatives, increased use of foreign currency proceeds by PVOs and cooperatives for development purposes, increased use of Section 108 programs in Title I agreements, and expanded reporting and expediting of PVO and cooperative activities under PL 480 Title II and section 416.

The bill also (1) requires all PL 480 Title I agreements to include a provision for use of local currencies by the local private sector under sec. 108 (with waiver provisions); (2) provides that the President shall give favorable consideration in allocating PL 480 Title I commodities to countries using sec. 108; and (3) adds conservation and study of biological diversity as a self-help measure under PL 480 Title I.

TITLE VII—MISCELLANEOUS PROVISIONS

Title VII of the bill contains miscellaneous provisions dealing with agricultural trade, including a program for the promotion of exports of wood and wood products, a program designed to better ensure safe food imports, provisions that would make sunflower seeds and other oilseeds eligible for the triggered marketing loan program that could be established for the 1990 crop year, and requirements that the Secretary of Agriculture conduct several studies on matters relating to international trade, including a report on the performance of the intermediate export credit program.

BACKGROUND

U.S. AGRICULTURAL TRADE

The United States is experiencing a crisis in agricultural trade. Since 1980, U.S. agricultural exports declined by more than 37 percent, while U.S. market share for agricultural commodities and products dropped worldwide by 28 percent. Even in commodities where the U.S. has a comparative advantage, its market share worldwide has declined disproportionate to other exporting countries. U.S. farmers depend on exports for approximately one third of their gross income, therefore, such a precipitous decline seriously threatens the viability of our farm sector.

The U.S. agricultural trade situation was quite different a decade earlier. While many exporting nations experienced production shortfalls, the U.S., blessed with fortuitous weather conditions, produced abundant harvests. The ready availability of export credit, coupled with the steady depreciation of the dollar and a healthy import demand helped the volume and value of U.S. agricultural exports to peak in 1980 and 1981. However, since 1982, U.S. agricultural exports have been declining at an anuual rate of 9 percent. Our agricultural trade balance (agricultural exports minus imports), which has always helped our overall balance of trade statistic, has been steadily deteriorating. The U.S. went from a peak surplus in FY 1981 of $26.6 billion to $5.4 billion in FY 1986. For the first time in 15 years, during May through July of 1986, the U.S. incurred monthly agricultural trade deficits.

This downturn in our agricultural trade mirrored what was happening in our current account balance (merchandise trade, plus services and unilateral transfers), which went from a $2 billion surplus in 1980 to a $140 billion deficit in 1986. One of the many factors contributing to this deficit was the rising value of agricultural imports, which rose 20 percent from 1981 to 1986.

WORLD AGRICULTURAL TRADE

The crisis in U.S. agricultural trade is reflective of worldwide conditions. Since the early 1980's, world agricultural trade has suffered through its own crisis of increasingly large proportions. Surplus agricultural production and reduced demand have led to increasing competition among agricultural exporters. Such competition has led to restrictive trading practices, which have distorted world trading patterns and lowered world prices. This competition has also led to spiralling domestic farm program costs as countries

attempt to shield their farmers from the results of a global agricultural trade war. In addition, a worldwide recession exacerbated developing countries' debt problems and further restrained overall import demand.

DEVELOPMENT OF THE CRISIS

The crisis in agricultural trade became worse as exporting nations tried to maximize their advantage in an increasingly competitive market. Countries that were once agricultural importers became net exporters of certain commodities. This resulted from not only innovations in technology, which was increasing yields for all both industrialized and developing nations, but also from increasingly protectionist trade policies by some of U.S. agriculture's most important customers.

The intensified competition for stagnant markets has led to the use of export subsidies and various barriers to trade. The use of export subsidies enables a country to maintain high domestic farm prices while dramatically lowering export prices. The European Community is one of the most egregious offenders in their use of subsidies and has increased their market shares dramatically in certain commodities because of such practices.

The EC presents a graphic example of an importer turned exporter through the use of such trade distorting mechanisms. It maintains high price supports for its farmers, encouraging surplus production. It then disposes of the surplus with widespread use of export subsidies. Before many of its farm support programs went into effect, the EC was a net importer of grains, beef, poultry and sugar. Largely because of its farm support programs, it is currently among the world's leading exporters of grain and is the world's largest exporter of sugar, poultry, beef and dairy products. Such a turnaround in world market share would not be possible for the EC without its extensive use of export subsidies and other support mechanisms.

Non-tariff barriers to trade have also created distortions in the market. These include import quotas, licensing requirements and variable levies. Some agriculture trade analysts believe that the European Community's variable levy is the primary cause of our loss of $5 billion in agricultural exports to the EC. A variable levy is essentially a tax on imports which is constantly being adjusted to make the imported product non-competitive with the domestic product.

Japan is another country that distorts world trade by limiting market access and preventing the free flow of commodities. It is one of the most egregious in its use of import barriers. Excessively high tariffs as well as restrictive import quotas are maintained on a number of commodities and products. In addition, its Ministry of Health and Welfare maintains highly restrictive regulations on certain commodities and processed foods making the marketing of such goods extremely difficult.

Lack of market access combined with artificially reduced world prices due to subsidies have made it difficult for the U.S. to increase its exports and maintain its fair share of the world market. Such unfair trade practices have a devastating effect on our ex-

ports. For example, in 1986 the U.S. market share for wheat, rice, coarse grains, soybeans, cotton and pork was lower than it was in 1977. This decline occurred even though the U.S. has a comparative advantage in wheat, soybeans and corn. Such advantages are often ineffective when competing with trade policies and practices that distort market forces.

In addition to the intense competition from abroad, the high value of the dollar, the mishandling of the Latin debt crisis, and U.S. domestic policies also reduced the competitiveness of U.S. agricultural commodities. Between January, 1980 and December, 1983, the value of the dollar (adjusted for inflation) went up 45 percent against the major currencies. The strong dollar has had an effect similar to a tax on U.S. exports and a subsidy on foreign imports.

U.S. FARM SECTOR

The bottom line in this crisis is that lower world prices and reduced demand have caused decreased farm revenues. Although domestic farm policies and programs also affect the health of the farm sector, the loss of agricultural exports has been particularly devastating. The share of farm production used for exports fell to 14 percent in FY 1986, the lowest level in 14 years. It has been estimated that the loss of $1 billion in agricultural exports causes the loss of 35,000 agricultural jobs and the loss of 60,000 non-agricultural jobs.

It is obvious that two decades of subsidization have done little but worsen world agricultural trade. Only by reducing or eliminating these trade distorting practices can governments hope to have a long term positive impact on world agricultural trade. The importance to our farm sector of establishing a more fair and open trading system will necessitate innovative actions, aggressive negotiating tactics, and a commitment at the highest levels of government to reduce unfair barriers to trade.

U.S. RESPONSE TO THE CRISIS

The Food Security Act of 1985 was the first step in an attempt to turn the tide on U.S. competitiveness. That Act authorized various export promotion programs and made commodities more competitive on the world market through the use of a marketing loan program and lower overall loan rates.

The Targeted Export Assistance Program (TEA), as amended by the Food Security Improvements Act of 1986, authorized $110 million per year in CCC funds or commodities to be used to combat unfair trade practices. This assistance may take various forms such as advertising and market promotion within the importing country. The use of short term and intermediate term export credit guarantees was continued.

The Export Enhancement Program (EEP) was developed to counteract subsidizing competitors. Under the EEP, the Secretary of Agriculture through the Commodity Credit Corporation (CCC) is required, under certain circumstances, to provide surplus commodities to agricultural exporters to enable them to lower the price of their commodity to a competitive level. The EEP has been one of

the few tools farmers have had to win sales from subsidizing competitors.

However, the Committee believes that the Administration, due to emphasis on foreign policy considerations inconsistent with the goal of increased agricultural trade, has not used the EEP in all of the instances in which it was warranted. For example, the USSR, although one of our major customers for wheat and feed grains, was not originally made eligible for the EEP. In 1984, the Soviets were our largest customer for wheat; in 1985, they dropped to our third largest customer; and in 1986, they were not among our top ten purchasers of wheat. While U.S. market share of USSR wheat imports decreased from 21 percent in 1983–84 to 1 percent in 1985–86, the European Community was dramatically increasing their share, from 21 percent in 1983–84 to 37 percent in 1985–86.

Citing price as a factor, the USSR breached its long term agreement with the U.S. for the purchase of wheat. Within two days after the deadline of our long term agreement for wheat had expired, the USSR signed a 5 year long term agreement with Canada for a minimum of 5 mmt of wheat per year.

This significant loss of sales to the Soviet Union and our reduced share of the market, prompted more pressure to include the USSR in the EEP. On April 30, 1987, USDA announced an EEP initiative to the Soviets for 4 mmt of wheat. By May 27, 1987, the Soviets had tendered for the entire amount.

MULTILATERAL NEGOTIATIONS

To reduce world tensions and facilitate a return to a more market oriented trade environment, the U.S. has taken the lead in calling for a new round of multilateral trade negotiations, under the General Agreement on Tariffs and Trade (GATT). The 92 member countries met for the first time in September, 1986. Because of its increasing importance and the magnitude of the problem, it has been agreed to by GATT members to place agricultural trade negotiations on a fast track.

However, in order for agricultural trade to become more open and market oriented, the GATT itself must become a more effective body as a framework for consultation, negotiation and dispute resolution. Reliance on GATT is becoming increasingly important for agriculture. Since 1948, almost 40 percent of all GATT cases involved agricultural disputes. Because of GATT's importance as a mechanism for improving world trade, the U.S. must work with other nations to strenghen its trade rules and principles and improve its dispute resolution process.

Another reason that agricultural trade is becoming a major issue for the U.S. and our trading partners is the realization that declining exports and increasing surpluses are creating a costly drain on treasuries. In 1986, the EC spent $23 billion on farm support programs; Japan spent $23 billion; the U.S. spent $25.8 billion, up tenfold since 1980. The pressure associated with rising costs of domestic agricultural policies necessitates a renewed emphasis on multilateral negotiations.

The complexity of the issues and the difficulty in addressing sovereign domestic agricultural policies within a multilateral context

will not allow a quick solution or agreement to be reached. However, most participants seem willing to accept a "progressive" liberalization of trade, which, by necessity will be an incremental process. This will enable countries to adjust their policies and practices to the new rules of world trade without severely disrupting their domestic industries or programs. While the process of reaching an agreement will be long and arduous and the results uncertain, the alternative will be increased protectionism and reciprocal retaliation.

Despite the increasing rivalry in agricultural trade, and declining U.S. agricultural exports, the U.S. is still the largest agricultural exporter in the world. U.S. agricultural exports are expected to total 114 million metric tons in FY 1987, which is a 4 percent increase from 1986. It is and will remain the policy of the U.S. to maintain its competitive position in world trade.

Purpose and Need

The dramatic decline in U.S. agricultural exports since 1981 has helped create a crisis atmosphere among U.S. farmers, processors, and exporters. As markets have disappeared, so has revenue, jobs, land value, investments, and viable farm operations. Dwindling agricultrual exports have had adverse effects on the nation's overall trade balance. The U.S. farmer has few places to turn as markets dry up, stocks rise, and prices fall. This crisis atmosphere exists because of, among other things, the efforts of our competitors through subsidization, trade barriers, marketing boards, state trading organizations and other mechanisms to buy agricultural export success.

The decline in U.S. agricultural exports must be stopped. The U.S. must act to win back market share and to tear down barriers to trade. Exports of agricultrual commodities must be enhanced through all available means, including product promotion, market research, credit guarantees, education activities, and, if necessary to counter unfair trading practices, export subsidies.

The General agreement on Tariffs and Trade, in place to provide rules that are applicable to the imposition of trade barriers or implementation of subsidies, has been largely ineffectual. Aggrieved exporting nations have scarcely any meaningful rules or viable remedies available to them under the GATT. Reactions of governments to unfair trading practices have become more bilateral as opposed to multi-lateral. Against this background, the nations that are parties to the GATT are beginning work on revisions to that document. Improving the rules governing agricultural trade is a negotiating priority. The United States must develop responsible, workable negotiating objectives. The opportunity to reform the GATT rules is one the nation cannot afford to lose.

Within this context the bill attempts to achieve several goals, including:

(1) A reversal of the decline in United States agricultural exports through the use of a wide variety of export promotion programs designed to make U.S. commodities more competitive, to better inform foreign countries about our products and programs, and to increase demand for U.S. commodities;

(2) The creation of a solid foundation from which the United States can negotiate successfully in the multi-lateral trade negotiations; and

(3) Direct Congressional involvement with respect to international trade and the conduct of the GATT negotiations.

A more detailed discussion of the purposes and provisions of the bill is set out below.

Explanation of Titles

TITLE I—FINDINGS, POLICIES, AND OBJECTIVES

The United States faces many immediate challenges in the area of world agricultural trade. Trade barriers, export subsidization, and other market distorting practices have driven the major agricultural commodity exporting nations to the brink of a trade war. The high value of the dollar, unfair trade barriers, and high subsidies by our competitors have contributed to a large decline in our agricultural exports and sliced into this nation's usually large agricultural trade surplus. The decline in our exports has hurt more than the agricultural community. Industries that depend on agriculture for the demand for their products have been injured by the overall depressed market conditions. The overall trade balance of the United States has been adversely affected by the poor performance of agricultural commodities and products.

The decline in exports has created a crisis in agricultural trade causing the loss of jobs and threatening the family farm. Increasing agricultural exports is vital to the finanical well-being of the farm sector and to increasing farm income.

It is the intention of the Committee to support aggressively those programs conducted by the Department of Agriculture (particularly those created by the Food Security Act of 1985) that are designed to increase U.S. agricultural exports and to develop markets for U.S. agricultural commodities and products abroad. The Committee intends to provide the financial support necessary to ensure that these programs are effective.

The bill provides that it is the policy of the United States to use its export promotion and market development programs, including export credit programs, to increase its market share for agricultural commodities and products on a market-by-market basis. While restoring the competitiveness of U.S. agriculture will require many overall changes in policy, the Committee believes that U.S. policies are most successful when applied market-by-market. The Export Enhancement Program is a good example of the potential for success offered by market-specific programs.

In addition, negotiations have begun under the General Agreement on Tariffs and Trade (GATT) for the purpose of revising the largely ineffectual rules governing world agricultural trade. In September, 1986, ministers from the 92 member nations of the GATT met at Punta del Este, Uruguay. The GATT signatory nations agreed to initiate a new round of GATT negotiations, and specifically agreed to place agricultural trade discussions on a fast track. The Agricultural Working Group within the GATT has already organized and held a meeting. It is hoped that through cooperation

among all of our trading partners, the upward spiralling use of trade barriers and subsidization can be slowed, if not eliminated.

The Committee wishes to emphasize that the primary purpose of U.S. participation in the GATT deliberations concerning agricultural trade is to increase the volume and revenues of U.S. agricultural exports and to gain a fair share of world agricultural trade based on a competitive trade principles. The Committee intends that U.S. representatives to the GATT negotiations will give special attention to removing the unfair trade barriers that have caused a decline in U.S. agricultural exports.

The bill also provides that it is the policy of the United States to increase agricultural exports by enforcing the current GATT rules governing trade in agricultural commodities. The United States should actively seek relief for unfair trade practices affecting U.S. farmers and exporters before the GATT panels constituted to resolve much matters.

It appears that the upcoming GATT negotiations will focus heavily on reforming domestic agricultural programs as a primary means to achieve reform of international agricultural programs. The Committee believes that international trade policy can no longer be established in isolation from domestic policy. It is the intent of the Committee that the United States therefore seek overall reductions in the level of government subsidization.

Both United States and European Community expenditures on farm programs have grown to more than $20 billion annually. The Committee recognizes the need to control farm spending in a way that will protect the family farm, ensure a strong domestic supply of agricultural commodities and products, and halt the decline of rural economies. The Food Security Act of 1985 contained a number of provisions that, over time, will reduce the price support levels for the major commodities. The Committee realizes, however, that far more needs to be done.

The United States should make every effort in the upcoming GATT negotiations to reach an accord which will allow the U.S. and its trading partners to reduce cooperatively governmental subsidization and protection of agriculture. Only cooperation by the 92 member nations of the GATT can effectively address the truly multilateral problems of escalating farm program costs and barriers to trade.

However, U.S. willingness to reduce the government's role in agriculture should not indicate a willingness to leave the U.S. producer at the mercy of other countries that currently subsidize their exports. Until an acceptable multilateral agreement is reached, it is the policy of the United States to maintain or increase its commitment to farm programs in order to attain a competitive position for U.S. agricultural commodities in world markets. Such a commitment is contained in the provisions of the bill that expand the Export Enhancement Program, increase support under the Targeted Export Assistance Program, increse the saffing of the Foreign Agricultural Service, and provide for a marketing loan program for wheat, feed grains, and soybeans if a multilateral trade agreement has not been concluded by the beginning of the 1990 marketing year for wheat.

Finally, the Committee believes that U.S. negotiators should consider it one of their primary objective to seek the reduction or elimination of barriers to U.S. agricultural exports in those nations with large, overall trade surpluses with the United States. These nations, espcially Japan and the Republic of Korea, bear a special responsibility for eliminating barriers to trade because they benefit greatly from the absence of such barriers in markets such as the United States.

In 1986, Japan ran an overall trade surplus with the United States of $58 billion. At the same time, Japan maintained at least 22 major barriers to U.S. agricultural exports, according to a January 16, 1987, report by the U.S. Department of Agriculture. The barriers include high tariffs on beef, citrus products, peaches, nuts, wine, and corn; the use of State trading agencies; quotas on meat, fruit juice, orange juice; and barriers to U.S. exports based on unsubstantiated evidence that U.S. agricultural commodities and products present a threat to public health.

These trade barriers conservatively cost U.S. exporters and producers more than $1 billion annually, according to a Study of the Joint Economic Committee. $1 billion represents approximately 20 percent of all U.S. agricultural exports to Japan.

In 1966, the Republic of Korea enjoyed a $7.1 billion trade surplus with the United States, yet maintained extensive barriers to U.S. agricultural exports, particularly exports of U.S. high value-added agricultural products. Korea uses GATT inconsistent import licensing practices to achieve a de facto ban on imports of certain U.S. agricultural commodities and products, including dairy products, fruits and vegetables, frozen french fries, and non-grain feed ingredients. In addition, Korea supports a total ban on imports of U.S. beef, barley and offals. In 1986, Korea imposed protectionist plant health inspection regulations apparently for the sole purpose of restricting imports of citrus products, particularly lemons and grapefruits. Even after imports of certain agricultural commodities or products are removed from Korea's restricted list, import duties on such articles are often in excess of 40 percent. Conversely, Korea enjoys relatively free access to U.S. markets.

The trade imbalance with Korea is particularly noticeable with respect to processed agricultural products. U.S. exports of food and beverage products to Korea grew modestly in 1983, 1984, and 1985 but then declined dramatically in 1986 to $18.4 million, a level below exports in 1982 ($19.4 million). During this same time period, Korean food and beverage sales to the U.S. have more than doubled, from $17.7 million to $41.4 million. This imbalance is largely attributable to Korea's import barriers.

If Japan, Korea and other nations with large overall trade surpluses with the United States expect to enjoy continued access to U.S. markets, they must afford the U.S. the same free access to their markets.

The Committee further believes that it should be a primary objective of U.S. negotiators to seek the reform of the Common Agricultural Policy of the European Communities, particularly its system of variable levies. The variable levy is unabashed protectionsim. U.S. agricultural exports to the European Community de-

clined by $5 billion, or 46 percent, since 1980, such decline due largely to the community's system of variable levies.

The bill sets forth the several goals of the United States with respect to reform of international trade in agricultural commodities and establishes the policy of the United States in response to unfair trading practices of other nations. With this clear and straightforward legislative mandate, the United States should be able to implement an effective agricultural trade policy.

TITLE II—AGRICULTURAL TRADE INITIATIVES

Commodities for Cooperator Organizations

Under current practice, the Department of Agriculture provides funds, through the Targeted Export Assistance Program and Foreign Agricultural Service Market development programs, to cooperator organizations for the purpose of establishing projects that demonstrate potential use of U.S. agricultural commodities and products. For example, a flour mill was established by U.S. Wheat Associates in Beijing, China, in 1984. The facility is specifically designed to mill U.S. wheat into flour, and has been successful in demonstrating the utility of U.S. wheat exports, as well as in training foreign workers to operate similar facilities which may be constructed in the future.

The bill expands the authority of the Secretary to assist in developing projects which demonstrate the use of U.S. agricultural exports. The Secretary is authorized to provide surplus Commodity Credit Corporation commodities in their raw form to cooperator groups solely for use in capital-intensive demonstration projects, such as the U.S. Wheat Associates flour mill. Providing surplus CCC commodities to cooperator groups to establish demonstration projects not only reduces the cost of creating such projects, but also reduces CCC surpluses and the associated storage costs.

Personnel of the Foreign Agricultural Service

The Food Security Act of 1985 established at least 12 new programs designed to increase U.S. agricultural exports. Effective implementation of the various programs and tools designed to enhance U.S. agricultural exports depends in large measure on maintaining a sufficient level of personnel to do the job. The Committee believes that the current staffing level (approximately 800) of the Foreign Agricultural Service (the FAS) is not sufficient to adequately implement these programs. FAS administrator Thomas Kay testified on March 10, 1987, before the Subcommittee on Domestic and Foreign Marketing, chaired by Senator Pryor, that he supported increasing the personnel level of FAS to 850, to relieve the strain on FAS personnel resources which resulted from budget cuts beginning in fiscal year 1982.

The bill, therefore provides for a minimum of 850 full time employees of FAS for the fiscal years 1987 through 1989.

FAS Educational Programs for Attaches and Others

Improving knowledge among U.S. producers and exporters of the demands of foreign purchasers and of foreign import practices is crucial to increasing U.S. agricultural exports. Very few individ-

uals have greater knowledge and experience in these areas than the agricultural attaches employed by FAS. More than 75 attaches are posted in 55 stations abroad.

On November 15, 1986, an Agricultural Trade Officer in Korea, testified before the National Commission on Agricultural Trade and Export Policy that U.S. producers and exporters could greatly benefit from meeting regularly with FAS attaches returning from overseas tours of duty. The Committee shares these views and directs the Administrator to create a program under which returning attaches would visit and consult with U.S. agricultural producers and exporters. The Committee envisions that these meetings will take place throughout the country, especially in agricultural regions. Every effort should be made to include small producers and exporters in these meetings.

The bill also directs the Administrator of FAS to establish an educational program under which attaches and other FAS personnel would exchange information on market development and export promotion activities with members of cooperator groups, small agricultural businesses, and, especially, State agricultural officials. Agricultural attaches stationed abroad often express concern that State agricultural officials are unprepared when they arrive overseas on market development and export promotion missions. This program should help orient State agricultural officials to foreign import practices and customs and market development and export promotion techniques. No fewer than 30 individuals should participate in the program.

Personnel Resource Time

According to the latest FAS attache resource report, only 33 percent of total attache personnel resources are now devoted to direct market development activities. More than two-thirds of overall attache time is dedicated to reporting and other activities not directly related to market development. The Committee believes that, in general, attaches should spend a greater proportion of their time on direct market development and export promotion activities, such as visits to foreign purchasers and government agencies. While the Committee recognizes that certain attaches must necessarily spend less time on these direct activities (i.e., those individuals stationed in countries which are traditionally large agricultural exporters, rather than importers), the Committee directs the Administrator of FAS, when planning the allocation of personnel resources time of agricultural attaches, to ensure that the maximum percentage practicable of the overall personnel resource time of the attaches be devoted to such direct market development and export promotion activities.

The Committee anticipates that the increase in FAS personnel provided in S. 512 will contribute substantially to increasing the amount of overall attache personnel resource time dedicated to direct market development and export promotion activities. The Administrator shall provide reports to the Agriculture Committees of the House and Senate that describe the allocation of personnel resource time of agricultural attaches during fiscal years 1988 and 1989. That report shall include information on how the increased number of FAS personnel have affected the allocation of personnel

resource time. The report shall also specify which activities conducted by attaches are considered direct market development and export promotion activities and which activities are indirect activities.

Private Sector Program

The bill also authorizes the Administrator of FAS to create an exchange program whereby private sector market development and export promotion experts would be employed by FAS for short periods of time. The purpose of the program, similar to Congressional fellowships, is to better acquaint FAS officials with market development and export promotion expertise, export strategies, and information available in the private sector. Similarly, employees of FAS could be permitted to work for private sector firms for short periods of time to obtain first-hand information from the private sector on methods for developing markets for U.S. agricultural products abroad.

The Administrator shall carry out this program in accordance with section 208 of title 11, United States Code and all other provisions of law applicable to conflicts of interest. Members of the Committee expressed concern that individuals could take advantage of their participation in this program to influence decisions of FAS or of the private sector to achieve personal gain. The Committee does not envision that private sector participants in this program will participate for the purpose of making vital decisions of FAS, but rather to share their expertise with employees of FAS.

Contracting Authority to Expand Agricultural Exports

On March 10, 1987, the Administrator of FAS testified before the Subcommittee on Domestic and Foreign Marketing that FAS needed the legal authority to hire temporary personnel in overseas posts. The Department of State and the Agency for International Development currently have such authority. Accordingly, the bill authorizes the Secretary of Agriculture to contract with individuals for services to be performed outside the U.S. to carry out U.S. agricultural export promotion and market development programs.

Reorganization of International Trade Activities

The National Commission on Agricultural Trade and Export Policy recently completed a study of the Department of Agriculture's coordination of its international trade activities. The proposal recommended that the Department be reorganized for the purpose of improving the management of its international trade activities. Of particular concern is the lack of coordination between FAS, the Economic Research Service, and the Federal Grain Inspection Service.

The bill calls upon the Secretary of Agriculture to study this reorganization proposal and report to Congress no later than April 30, 1988. The Secretary also shall appoint an advisory committee to assist in this evaluation.

The Committee beleives that improved coordination of international trade activities within the Department is needed. It is the hope of the Committee that the Department will cease its opposition to all reorganization proposals and, instead, develop its own

proposal based upon the findings included in the study conducted by the National Commission on Agricultural Trade and Export Policy.

Authorizations of Appropriations

S. 512 authorizes appropriations of an additional $15.2 million for each of fiscal years 1987 and 1988 and $17.2 million for each of fiscal years 1989 and 1990, to improve the program management and support of FAS and to improve the programs of FAS designed to increase agricultural exports and to develop markets abroad. Such appropriations are to be allocated as follows:

Personnel Levels

$3.5 million is authorized each fiscal year to support the increase in FAS personnel provided in this bill. Between fiscal years 1982 and 1987, the Service reduced its personnel in the U.S. by 42 full-time positions and by 9 positions overseas. The $3.5 million provided in this bill will allow FAS to restore some 42 positions eliminated in the U.S. and the nine positions eliminated abroad during 1982 through 1987. The remainder of the funds are to be used to employ additional FAS personnel, preferably attaches or agricultural trade officers, abroad.

These increased funds will permit the Service to better implement the export promotion and market development programs created by the Food Security Act of 1985, as well as other such programs offered by the Department.

Increased Support for Market Development Activities

$4 million is authorized to be appropriated in each fiscal year to create new markets for U.S. agricultural commodities and products in developing markets. The funds shall also be used to provide adequate staff for the development of markets for high value-added products. Finally the new funds shall be used to help improve the Department's response to complaints about the quality of U.S. agricultural exports and to ensure that U.S. agricultural exports are of sound quality.

According to a March 1987 report prepared by the General Accounting Office, only 9.7 percent of the Service's market development activities are aimed at Latin America and only 8.5 percent of these programs are targeted to Africa. The Committee believes these regions offer tremendous potential as markets for U.S. agricultural exports. While there are 9 Agricultural Trade Offices in Europe and the Pacific Rim nations, FAS maintains only 1 in Latin America and 2 ATOs in Africa. The Committee envisions that FAS will use these new funds, in part, to increase and improve market development programs, including agricultural trade offices, in Latin America and Africa.

For the first time in U.S. history, U.S. exports of high-valued added agricultural products exceeded exports of bulk commodities in 1986. However, FAS employs only 14 professionals in the processed commodities division. The Committee envisions that a substantial proportion of the new funds provided in this section will be used to increase staffing of this vital office.

Finally, foreign purchasers of U.S. agricultural exports have recently complained about the quality of the commodities and products they have purchased. Quality complaints, particularly those concerning the quality of grain exports, pose a serious threat to the competitiveness of U.S. agricultural exports. The Committee envisions that a significant proportion of the funds provided under this section will be devoted to investigating complaints about the quality of U.S. agricultural exports, ensuring that U.S. agricultural exports meet generally acceptable quality standards, and to improve coordination of these efforts between the Federal Grain Inspection Service and FAS.

Representation at Agricultural Trade Shows

The bill authorizes appropriations of $2.7 million in each of the fiscal years 1987 and 1988, and $4.7 million in each of the fiscal years 1989 and 1990 to improve the quality of U.S. representation at agricultural trade shows abroad and to increase the number of such representations in a manner which the Secretary determines will best improve the opportunities for U.S. producers and exporters to increase exports.

The Committee has heard numerous complaints from U.S. producers and exporters and foreign purchasers about the quality of U.S. representation at international trade shows. FAS officials also admit that U.S. participation in agricultural trade shows abroad has been less than adequate. In 1986, the U.S. spent less per $1 billion of agricultural exports on participation in trade shows than our most successful competitors.

The Committee envisions that FAS will use the funds authorized to make needed improvements in U.S. participation in agricultural trade shows abroad as well as increasing the number of trade shows in which U.S. parties participate. In addition, in expending these new funds, the Service shall make every effort to target participation in trade shows to those shows aimed at increasing exports to developing nations—nations which the committee has determined offer the greatest potential as markets for agricultural exports.

The Committee envisions that FAS will use the new funds to reduce the cost to small agricultural businesses, including exporters and producers, of participating in international agricultural trade shows.

Finally, the Committee is concerned that proposals concerning the charging of user fees to participate in trade shows could have a negative impact on trade show participation. The purpose of trade shows is to help the U.S. exporter educate the foreign buyer with respect to the U.S. product. The Committee is opposed to any type of fee scheme that could hurt trade show participation by smaller businesses.

Market Development Activities

$5 million is authorized to be appropriated in each fiscal year for other general market development activities; to increase U.S. support for market development programs to a level more comparable with that of our competitors. In 1986, the European Community

spent $106.6 million on market development programs, compared to the $48 million spent by FAS.

The Committee envisions that a significant proportion of these funds will be used to increase the efforts of cooperator groups to promote U.S. agricultural exports and develop markets in the emerging nations of Latin America and Africa. Cooperators have followed the lead of the Service in devoting the overwhelming majority of their resources to market development activities in Europe and the Pacific Rim. It is expected that these funds will be used, in part, to facilitate increased and improved cooperator missions to these developing nations and to improve the Service's efforts to acquaint purchasers and government officials in these countries with the export promotion and market development programs offered by the Department of Agriculture.

Further, funds from this account may be used to carry out the directives of any of the provisions of this bill which are designed to improve and increase the export promotion and market development programs of the Service.

Representation at Agricultural Trade Talks

The bill authorizes the appointment of two members of the House of Representatives and two members of the Senate, on the recommendation of the Chairmen of the respective Agriculture Committees, to serve as official advisors to U.S. delegations to international agricultural trade negotiations, including the GATT Round. This bill states the policy of the United States in these negotiations. The appointment of members of Congress as official advisors will facilitate the free flow of information from the U.S. negotiators to Congress and vice versa. Congressional representation at the GATT talks is crucial, because these negotiations were expected to focus on changing domestic farm programs. Any such changes must be carefully weighed and fully investigated by Congress before it can be expected to act.

Congressional monitoring of international agricultural trade negotiations is made all the more important by another provision of this bill which would automatically trigger a marketing loan program, in the event that no agrcultural trade agreement is reached in the current round of multilateral talks in Geneva.

Assistance for victims of unfair agricultural trade practices and policies.

Although current law provides many avenues through which a person may seek assistance from the federal government in combatting unfair trade practices of foreign countries, many individuals or industries may not be aware of their rights and may not posses the necessary information to take full advantage of the remedy provided for them by law. Therefore, the bill directs the Secretary of Agriculture to provide assistance to U.S. citizens and organizations damaged by unfair agricultural trade practices and policies.

Such assistance should be designed to help persons to obtain information they might need in seeking redress under existing trade laws and preparing cases before the various agencies of the federal

government assigned the responsibility of implementing that trade laws of the United States.

The Committee is aware that the Department of Agriculture often provides assistance similar to that called for in the bill to persons who have been injured by unfair trade practices. The Department regularly provides information to persons concerning the trade practices of other nations. Such assistance is commendable. However, the Committee believes that more is called for. The bill formally charges the Secretary with the responsibility to help persons injured by unfair agricultural trade practices prepare their cases against such practices. This provision is not meant to establish any private cause of action against the Secretary of Agriculture by persons that are not successful in combating unfair trad practices.

The bill also calls for better coordination between the federal agencies responsible for implementing our trade laws. The sharing of information between agencies is vital to a full understanding of the practices conducted by foreign countries and the impact such practices have on domestic farmers, workers, and industries.

TITLE III—EXISTING AGRICULTURAL TRADE PROGRAMS

The United States must make its agricultural commodities competitive in the current heavily subsidized and protectionist oriented environment that dominates world agricultural trade. Therefore, the bill contains serveral provisions designed to increase the competitiveness of our agricultural exports. Until there is a cooperative effort among our trading partners to reduce trade barriers and export subsidization, the United States is committed to restoring the competitiveness of its agricultural exports.

Triggered Marketing Loan

The importance of the GATT negotiations concerning trade in agricultural commodities cannot be stressed enough. In the current environment of international trade—an environment fraught with subsidization, trade barriers, fluctuating currencies, debt problems, and depressed prices—the GATT negotiations offer countries the opportunity to do something now to improve agricultural trade.

However, the Committee is concerned that those countries that have used export subsidization to increase their market share and those countries that depend on trade barriers to exclude competitive products will not be willing to make the concessions that will be necessary if an acceptable agreement is to be reached. U.S. farmers cannot afford to wait an indeteminate length of time for a successful conclusion to these negotiations only to have their hopes dashed by countries that decide that subsidization is too beneficial to their interests to be compromised.

Section 301 of the bill contains a rather simple statement to our trading partners: If an agreement under the GATT concerning agricultural trade is not reached by the beginning of the 1990 marketing year for wheat, the U.S. government will make its exports of wheat, feed grains, and soybeans competitive by implementing a marketing load program for the 1990 crop of those commodities.

The marketing loan program that was instituted beginning with the 1986 crops of cotton and rice has been an unqualified success in boosting exports sales of those commodities. This provision would trigger a similar program for wheat, feed grains, and soybeans. The triggered marketing loan gives our negotiators leverage and proves to other nations that the United States is serious about meeting subsidized competition in the event the GATT negoiations prove unsuccessful.

The provision is not inflexible. The President may waive the trigger if the President certifies to Congress that significant progress has been made toward an agreement and that implementation of the marketing loan program might impair the successful conclusion of an agreement. The provision also provides for an expedited procedure whereby the President's waiver can be overridden upon enactment of a joint resolution disapproving of the waiver.

The United States will made every effort to obtain a workable agreement under the GATT with respect to agriculture. However, if our trading partners are not willing to carry through with this opportunity, the United States will act.

Expansion and Improvement of Certain Export Programs

EXPORT CREDIT GUARANTEE PROGRAM

The export credit guarantee program is one of the most successful export promotion programs conducted by the Department of Agriculture. Under this program, the Commodity Credit Corporation (CCC) provides a payment guarantee to the U.S. exporter that generally covers 98 percent of the amount of an export sale of U.S. agricultural commodities. The program eliminates much of the risk involved in making an export sale on credit, thereby facilitating export transactions.

The bill contains provisions designed to improve the operation of the export credit guarantee programs. First, the Committee was concerned that the method of allocation of available credit guarantees was limiting the use of the program by certain countries. CCC makes credit guarantees available to countries in certain total amounts for certain commodities. If the country depletes the amount of payment guarantees made available to it for a particular commodity, it may not receive more payment guarantees covering exports of such commodity during that fiscal year, even though such country may not have depleted its entire allocation of guarantees. This is the case even though the total amount of export credit guarantees made available in a fiscal year has never been fully depleted.

The bill provides that it is the sense of Congress that, to the extent that CCC makes allocations of available export credit guarantees, such allocations be made on a country only basis. The Committee appreciates the importance of making the export credit guarantees available equitably among countries and commodities. However, such considerations should not restrict the availability of credit guarantees to a country that has a large demand for imports of a particular commodity.

Second, the bill would make an export of an article eligible for a payment guarantee if at least 75 percent of the value of the agri-

cultural commodities used to produce the article being exported is derived from agricultural commodities produced in the United States. The export demand for certain products is enhanced by the inclusion of foreign commodities that either are not produced in the United States or that have certain characteristics not found in the domestically produced commodity. Increased exports of such articles that are composed of both domestic and foreign commodities is beneficial to the U.S. producer.

The bill provides, however, that any payment guarantee issued in accordance with this provision of law may not cover any portion of the exported article that is composed of agricultural commodities produced outside the United States. Further, such payment guarantees must still meet the terms and conditions governing the issuance of a payment guarantee that have been established by the CCC.

Export Enhancement Program

The Export Enhancement Program (EEP) was provided for by section 1127 of the Food Security Act of 1985. The program was designed to encourage the development, maintenance and expansion of export markets of U.S. agricultural commodities and the products thereof by providing a bonus, in the form of CCC owned commodities, to exporters, processors, or foreign purchasers. The program was targeted primarily at countering the adverse impacts on U.S. agricultural exports of subsidies and other unfair trade practices being implemented by foreign countries.

The Committee is concerned that the implementation of EEP has been adversely impacted by foreign policy and other considerations. For example, the Secretary has been reluctant to use EEP for sales to the Union of Soviet Socialist Republics (USSR). However, during the past year U.S. sales to the USSR were being adversely affected by subsidized exports from other countries, primarily the European Community.

It is the intent of the Committee that EEP be used for the purposes stated in the authorizing legislation and to the extent necessary to successfully offset the adverse impact on U.S. exports of unfair trading practices.

To ensure this result, the bill amends the authorizing statute to make EEP more readily available with respect to exports of wheat and feed grains. Where there can be shown an adverse impact on the export of U.S. wheat or feed grains that has resulted from our competitors' subsidies or other unfair trade practices, including practices that are defined as unjustifiable, discriminatory, or unreasonable under section 301 of the Trade Act of 1974, the Secretary of Agriculture must use EEP to counter such practices to the extent necessary to offset the adverse impact and make our agricultural commodities and products competitive. Other agricultural commodities may receive treatment similar to that afforded wheat and feed grains upon petition to the Secretary of Agriculture. The bonus commodities may be given to exporters, processors, or others involved in the export transaction.

The bill further amends EEP to provide that the Secretary implement EEP in such a way so as to "minimize" the displacement of usual U.S. sales. Although the objective of the program is to fa-

cilitate additional sales of U.S. agricultural commodities in foreign markets, displacement is not an obsolute bar to the use of EEP. Thus, the Secretary should not use the possibility of market displacement as an unreasonable barrier to the use of EEP.

Until such time as an effective international agreement governing agricultural trade is reached, the Committee is committed to EEP as a means to maintain our competitiveness. Therefore, the bill extends EEP through the 1990 fiscal year. An additional $500 million is required to be expended during the 1989 and 1990 fiscal years. The Committee also raised the ceiling on EEP funds by $1 billion over the 5 year life of the program.

Other Export Programs

The bill amends certain other export programs. The Food for Progress Program is amended to authorize the President to approve multiyear agreements to make agricultural commodities available for distribution or sale under the program.

The funding authorization for the Targeted Export Assistance Program is increased by $105 million for the 1988 fiscal year to $215 million. The TEA program has helped many cooperator groups establish market identification for U.S. products in foreign markets through advertisement and other market development activities. The TEA program, by using both government and private source matching funds, is an effective blend of private know-how and interests and government assistance. The bill ensures that enough funds are available in the TEA program for the 1988 fiscal year to ensure the continued growth of the program.

A new circumstance has been brought to the attention of the Committee that warrants export assistance through the TEA program in accordance with section 1124(c) of the Food Security Act of 1985. The California pistachio growers received three separate unfair trade action awards against Iran for subsidizing and dumping of pistachios. In a combined countervailing and anti-dumping raw pistachio case, the award was 283 percent ad valorem and in a roasted pistachio countervailing action the award was 318 percent ad valorem. While these awards provide equity in the United States market, Iranian pistachio trade violations extend to all trading nations. The Committee encourages the Secretary of Agriculture to provide export assistance under section 1124(c) on a priority basis for the export of domestically grown pistachios and other commodities that have received unusually high awards made under the provisions of the Tariff Act of 1930 that deal with countervailing duties and dumping.

The authority of the Banks for Cooperatives to provide financing for certain export activities of cooperatives which are borrowers from the Banks is extended indefinitely. The Banks for Cooperatives are providing needed financing of export transactions. The Committee believes that the removal of the sunset provision on this authority (due to expire on September 30, 1990) is beneficial to the long term enhancement of agricultural exports.

Export Promotion for Tobacco

Because of the unique structure of the tobacco price support program compared to the price support programs of the basic commod-

ities, there is a disincentive to include tobacco and tobacco products in the type of export promotion programs carried out by the Secretary of Agriculture for other commodities. The bill would remove this disincentive. Under the provisions of the bill, tobacco pledged as collateral for a price support loan may be used in export promotion programs carried out by the Secretary of Agriculture or the CCC. Losses to the association caused by such an export promotion program shall not impact upon the calculation of producer assessments.

TITLE IV—AGRICULTURAL AID AND TRADE MISSIONS

The Food Security Act of 1985, together with other legislation, provides a broad array of tools designed to assist in developing export markets for U.S. agricultural products. Better use and coordination of these tools is necessary to realize their full potential. The purpose of the Aid and Trade Missions mandated under the bill is to include in one small group the expertise necessary to explain the totality of these programs and to have this group meet with those U.S. officials responsible for implementing these programs in the country involved and with those host country officials and private organizations who would be the end-users of these programs.

Underlying the bill's rationale is the phenomenon that developing countries have replaced industrialized nations as the fastest growing markets for U.S. agricultural products. Indeed, between 1974 and 1985 the net increase in imports of U.S. agricultural products was larger both in terms of percentages and dollars among the developing countries versus developed countries. The Republic of Korea is a graphic example of a country that while increasing its own per capita production of agricultural commodities also increased dramatically its purchases of U.S. agricultural commodities. In the period 1971–73 the U.S. exported an average of $368 million of agricultural commodities annually to Korea, nearly half of which was government supported. The average for the 1980–83 period was $1.7 billion, all of it commercial exports. Between these two periods per capita agricultural production in Korea increased 27%. What we are seeing is that development of the agricultural sector is the critical first step to a country's overall economic development. As incomes rise, diets diversify and increase, and both imports and exports (which generate the foreign exchange needed to pay for imports) increase.

Given the above it is important that our approach to increasing exports of U.S. agricultural products be an integrated one, using all existing tools for both food aid and trade. However, the Committee strongly believes that there is a need for better targeting and more specialized use of these programs. The Aid and Trade Missions established in this bill provide an integrated approach toward increasing exports of U.S. agricultural products to developing countries. Thus the missions would seek to obtain commitments for use of the export enhancement program, the dairy export incentive program, the short term export credit guarantee program (GSM–102), the intermediate export credit guarantee program (GSM–103),

with emphasis on construction of infrastructure, PL 480 Titles I and II, Section 416 and other agricultural aid and trade programs.

It is the intent of the Committee that the use of the Aid and Trade Missions will result in the use of a variety of these programs simultaneously in the involved developing countries. A mix of both sales and donations is justified as prudent market development. United States donations of food aid through PL 480 exceed any other country donations, but have not necessarily succeeded in stimulating cash sales by the recipient countries. The Committee believes that S. 512 will maximize U.S. agricultural exports by identifying and implementing concurrently U.S. programs that best suit the needs of developing countries.

TITLE V—PUBLIC LAW 480 AND TITLE VI—SECTION 416

The bill also provides for expanded use of existing authorities to promote exports through development and other projects. For example, existing law permits partial or full sales of Section 416 and PL 480 Title II commodities for development projects administered by PVOs and cooperatives. However current administrative practice has been to limit severely the purposes for which local currencies may be generated in these programs. Since increases in the amount of funding available for foreign assistance purposes are likely to be difficult to obtain, the use of commodity surpluses for this purpose will likely increase. Thus, if surplus commodities are viewed as a potential development resource, then it follows that sales for local currencies to fund development projects, particularly those without a feeding component, should be more widely used. Such development projects ultimately lead the economies of developing countries to the "take-off" position wherein they can increase their agricultural imports. The bill doubles from 5% to 10% the floor on the value of the commodities which must be used for local currency sales under both PL 480 Title II and Sec. 416 to finance PVO and cooperative development projects.

Consistency, continuity and a relative amount of certainty are important elements in carrying out development programs. Unfortunately, the administrative side of some of these programs has been characterized by restrictive guidelines, delays in approvals and a strong aversion to multiyear programs and to use of processed foods. Experience shows the Development Coordination Committee ("DCC") is all too frequently a source of delay or even outright blocking of valid development proposals. For example, a Section 416 CARE maternal and child health program in Mexico took approximately 2½ years to obtain DCC approval. Long delays in obtaining previously approved commodities were experienced by Land O'Lakes cooperative projects in Jamaica. The bill provides for review of the comment on administrative guidelines by interested parties, a 45 day limit on the proposal approval procedure and strong encouragement of the use of multiyear programs. The requirement of a 45 day approval time limit on PVO or cooperative proposals as well as a requirement that "call forwards" (requests for delivery of approved commodities) be made on time should greatly expedite and enhance these programs. Multiyear programs are frequently necessary to assure viability of a PVO or cooperative

project—requiring annual allocations can be very time consuming and can result in critical delays. Since multiyear commitments are always made subject to the availability of commodities, there is no risk to the U.S.

Further, with respect to section 416, the Committee is concerned that the authorities provided by law are not being sufficiently utilized on behalf of enhancing exports of agricultural commodities and products. Present law mandates disposition of at least 500,000 tons of grains and oilseeds a year. The bill adds a specific reference to processed products within subsection of section 416. Not only must the minimum tonnage of commodities be met, but such exports must include substantial amounts of processed agricultural products.

There are a number of advantages to making substantial use of the processed product option for exports where appropriate. Situations have arisen in which proposed recipients of section 416 donations abroad were unable to assimilate effectively the commodities in the form offered, but would be able to use effectively a processed or substitute commodity. In some instances, payments-in-kind can be used to cover any processing or substitution costs. Flexibility by the Department of Agriculture in meeting export opportunities is increased with the processed product option and is encouraged by the Committee.

Exports of processed products under section 416 counts in an effective way toward meeting the legislated minimum. The Committee expects grain equivalency to be used in calculating the minimum similiary to what is done for Title II minimums. In addition to using the amount of bulk commodities from CCC stocks required for export, the act of processing in the United States (rather than in the recipient country) provides domestic, agriculture-related jobs and business opportunities. Title II of P.L. 480 requires a specific percentage minimum of the total donated commodities be in U.S. processed products, and the products are usually put to excellent use. While the Committee does not intend a comparable legislated minimum for section 416 food donation abroad at this time, it will be paying close attention to the Department's implementation of the authority and policy related to this amendment.

TITLE VII—MISCELLANEOUS PROVISIONS

Subtitle A—General Provisions

Price Support Programs for Sunflower Seeds and Cottonseeds

There is a direct relationship between prices and market demand for soybeans, sunflower seeds, and other oilseeds. Program decisions affecting the soybean price support program have an immediate impact on the price of other oilseeds and the amount of acreage planted to other oilseeds.

If the marketing loan provisions of section 301 of this bill are triggered, the price of soybeans in the market would probably fall in the short term. This decline in price would have an adverse impact on the price of sunflower seeds and cottonseeds. However, unlike soybeans, the income of producers of these two commodities would not be automatically supported in the event of a drop in

prices. Therefore, the bill contains a provision requiring the Secretary to implement a price support program for the 1990 crop of sunflowers if the marketing loan program under section 301 is implemented. Another provision of the bill would protect producers of the 1990 corp of cottonseeds from any adverse price impact that might result from the triggered marketing loan program being implemented for the 1990 crop of soybeans.

Reciprocal Meat Inspection

The Secretary must carry out his basic responsibility under the meat inspection laws to assure that all products moving in United States' commerce are wholesome, not adulterated, and properly labelled. To accomplish this objective with a minimum restriction on imports, the United States adheres to what is known as the equivalency principle. Inspection systems in other countries are subject to ongoing reviews by the Secretary to assure that they maintain standards for products being shipped to the United Sttaes which are at least equal to those applied within the country. Comprehensive reviews of foreign programs are conducted, and spot checking by USDA inspectors in specific plants also takes place. In addition, products which enter this country are subject to United States import inspection.

In executing this equivalency program, the Secretary does not insist that each country comply to the letter of every specific detail of United States inspection requirements. Like other countries, the U.S. enforces a number of highly specific regulatory requirements which specify sanitary procedures, types of equipment, and details of inspection supervision. These individual details vary between countries. If each individual nation were to insist upon absolute adherence to its own inspection requirements, world meat export trade would be impaired. The United States strives to avoid this outcome while continuing to protect its own consumers by adhering to the equivalency principle.

Unfortunately in recent years this practice has started to erode in other countries. Recently, the European Community (EC) has implemented the Third Country Meat Directive which requires processing plants that wish to export meat products to the EC to comply in minute detail with a variety of European inspection requirements that sometime have little to do with the protection of the healthfulness of imports.

The Committee is deeply concerned about the adverse impact such suspect inspection requirements may have upon U.S. meat exports. Beyond question, each country has the right to protect its populace from unsanitary or unhealthy imports. However, inspection standards should be tailored to achieve these proper goals and should not be so broad that they constitute a technical barrier to trade.

The provisions of the bill concerning meat inspection would provide for limited departure by the United States from the equivalency principle. The meat inspection reciprocity provisions would only be triggered if the Secretary of Agriculture were to find that meat inspection requirements being applied to U.S. meat products by other countries were either analytically unsubstantied or were not being equitably enforced. The term "reliable anlaytical methods"

must be understood generally to include all scientific and technological bases which support the inspection structure.

Upon a determination that either of these two circumstances existed, the Secretary would be required to prohibit the entry of meat or meat products from the offending country unless individual processing plants from that country were certified by USDA to be in compliance with all relevant statutory and regulatory requirements as they would be applied to processing plants in the United States.

The Committee does not intend for the provisions of this amendment to require the continual presence of USDA inspectors to insure strict compliance with USDA domestic inspection regulations. The Committee would expect the Secretary to insure the integrity of the USDA certification by regular and subsequent inspections, at an interval to be determined by the Secretary.

The Committee's intent is to provide the Secretary with an effective, but limited, new trade policy tool in order to discourage such action by other countries. The amendment will authorize reciprocal action only after the Secretary has determined that another country has taken steps to initiate these types of technical barriers to trade and after the Secretary has determined that other trade measures available. To the U.S. government are not adequate to deal with the problem at hand.

The application of unreasonable technical standards with respect to imports is an unfair trade practice. The industry that is injured thereby may be eligible for import relief or another remedy provided for by our trade laws. the provision in the bill dealing with reciprocal meat inspection sets forth another remedy that is available to the U.S. government when dealing with such unfair trade practices.

The Committee does not intend to require action under this provision if it is determined that other remedies would generate immediate and effective responses to the problem. The test is whether the alternative measure provides a mechanism to deal with the problem in a manner which is as direct and as timely as the reciprocal action provided for by this provision.

In 1988, the United States meat industry also faces the additional prospect of a complete ban on its meat exports to the EC unless the EC reverses its decision to ban the importation of meat from countries which allow the use of certain growth hormones in the animal raising processes. U.S. meat exports are being jeopardized by such measures despite evidence that the requirements at issue are not being equitably enforced within the EC itself and are not supported by legitimate scientific or technical data.

Funding for Foreign Agricultural Production in Competition with U.S. Agricultural Commodities

Foreign assistance loans or grants for agricultural and other purposes are an important and useful tool to enable developing countries to better feed their population and to fuel development in these countries and thereby stimulate demand for agricultural commodities of other countries. However, such loans and other assistance should not be made available in connection with the growth or production in a foreign country of a commodity for

export if to do so would have a significant adverse impact on the export of agricultural commodities produced in the United States.

The bill would prohibit such loans or other assistance to foreign countries in connection with—

(1) projects or activities that are specifically and principally designed to increase agricultural exports in developing countries that can reasonably be expected to cause substantial injury to U.S. exporters; and

(2) the production of agricultural commodities for export that are deemed to be in direct competition with U.S. agricultural exports. This prohibition does not apply to activities in the foreign country designed to increase food security in the country if such activities will not have a significant adverse impact on the export of U.S. agricultural commodities nor to research activities intended primarily to benefit U.S. farmers.

Subtitle B—Wood and Wood Products

The health of the domestic forest products industry is important to the U.S. economy, both domestically and for our balance of trade. In 1985, the industry was responsible for $3 billion in exports. It is recognized however, that there is a significant potential for expansion. To do this, and remain competitive, the industry needs more tools to meet the increasing challenge of foreign competition in both domestic and foreign markets. Developing new markets is crucial to meeting this challenge.

A key to developing new markets, particularly in the less developed countries is access to financing. In the past, wood and wood products have sometimes been excluded from certain USDA programs, such as short-term and intermediate-term export credit guarantees.

There is a history of Congressional and Department of Agriculture support for designating wood and wood products as "agricultural commodities" eligible for export credit guarantees and inclusion in P.L 480 programs. The report language for the Agricultural Export Expansion Act of 1978 established that the term "agricultural commodities would include lumber, plywood, and similar wood products." In 1981, under the Agricultural and Food Act, Congress mandated that the Department implement a full scale development program for forest products. Since that time, the industry has successfully participated in the FAS market development cooperator program, targeting 35 countries.

This bill establishes that wood and wood products are agricultural commodities and as such are eligible for short-term and intermediate-term export credit guarantees and inclusion in certain P.L. 480 programs. It is emphasized that the Secretary of Agriculture is to use all available commercial and concessional export credit programs to promote exports of wood and wood products. No additional funds are needed since the amounts authorized for export credit guarantee programs are usually not fully utilized.

To further assist the industry in becoming more competitive, the bill establishes a Cooperative National Forest Products Marketing Program, with $5 million authorized for fiscal years 1989, 1990, and 1991. This program will provide technical assistance to the forest products indusry to help improve their marketing activities. Cost-

sharing grants will be provided to the States to assist in regional marketing efforts. The program is meant to encourage the establishment of interstate cooperative agreements to further promote the competitiveness of the industry. Assistance under this program will be targeted to small and medium sized forest products firms since these are typically the least equipped to deal with foreign competition.

Subtitle C—Safe Food Imports

As the U.S. Department of Health and Human Services chief inspection unit, the Food and Drug Administration (FDA) has the major responsibility of enforcing the laws and regulations that establish the levels of pesticide residues that are allowed to be present on imported raw agricultural commodities. Recently, there has been considerable debate as to whether FDA has adequately performed these duties. To ensure that FDA's pesticide monitoring program provides maximum protection against public exposure to illegal pesticide residues in imported raw agricultural commodities, the Committee has adopted the following provisions.

First, the Committee would require the Secretary of Health and Human Services ("HHS") to prepare a plan for the distribution of FDA resources for sampling imported raw agricultural commodities to ensure compliance with U.S. laws governing pesticide residues on these commodities. Second, the Committee would require the Secretary of HHS to ensure the timely distribution of data and information relating to violations of U.S. pesticide laws among all of the FDA districts.

Third, the Secretary of HHS would be required to submit to Congress a monitoring summary of all sampling activities taken with respect to imported produce. This will benefit the Committee in determining whether there is a need to revise our import inspection laws, but will also provide a basis for determining how efficiently FDA has allocated its resources in protecting the public from illegal pesticide residues on imported produce.

Fourth, the provisions would ensure that commodities found to contain illegal pesticide residues will be monitored during the successive growing season. Fifth, the Secretary would be required to submit to Congress an annual report on all enforcement actions taken with respect to tainted imported food commodities, along with the sampling plan and the monitoring summary. This report will include a detailed description of the violations found and FDA actions taken in response to these violations, including the reasons for taking such actions. In addition, the Committee would require FDA to make recommendations to Congress on improving its overall enforcement procedures.

In addition to efforts to provide adequate health safeguards with respect to imports into this country, the Committee is concerned that not enough attention is being devoted to evaluating the health restrictions imposed by other countries and the ability of U.S. products to pass such health restrictions. For example, U.S. exports of agricultural products face many questionable quarantine barriers in foreign markets. Japan and Korea will not allow entry of U.S. apples because of alleged infestations of coddling moth. Korea refuses entry to U.S. citrus because of concerns about infestations of

mediterranean fruit fly. Australia bars avocados because of Sun Blotch and Blackstreak diseases. Therefore, it is important that the Agricultural Research Service (ARS) of the Department of Agriculture work with industry to overcome these phytosanitary barriers. However, it has come to the attention of the Committee that export related quarantine research by ARS scientists is not given much weight by the agency when evaluating the performance of its scientists. This acts as a disincentive for ARS scientists to conduct such research. The Committee believes that ARS should assign equal weight to export related quarantine research as to production research when evaluating the performance of its scientists.

Subtitle D—Studies and Reports

Study of Dairy Import Quotas

Negotiations have commenced under the GATT for the purpose of revising the rules governing international trade in agricultural commodities. Domestic agricultural policies will be included in the negotiations since there is a growing realization that such policies and their impact on world trade must be addressed. Quantitative restrictions placed on imports of agricultural commodities under the authority of section 22 of the Agricultural Adjustment Act will be among those domestic policies that will be a subject of the negotiations.

Section 22 authorizes the President to impose quotas or fees on imports of agricultural commodities that render ineffective or materially interfere with the operation of the price support programs carried out under the Agricultural Act of 1949. The Section also provides that no trade agreement can be applied in a manner inconsistent with section 22 requirements. In 1955, the U.S. was granted a special waiver of its obligations under Article XI (general prohibitions on use of quantitative restrictions such as quotas) of the GATT, because of its domestic law.

While the U.S. is intent on reducing trade barriers and import restrictions, it is not willing to do so unilaterally or in such a way that our domestic industry is severely effected. Unlimited dairy imports might have a devastating effect on the domestic price support program for milk. This bill requires the Secretary of Agriculture to conduct a study and report to Congress on the extent that the price support program for milk would be adversely affected by a reduction in, or elimination of, limitations on certain dairy product imports that may be required as a result of multilateral negotiations. The results of the study will place the U.S. in a better negotiating position since the full effects of such a change will be known.

Study of Circumvention of Agricultural Quotas

There has been increasing concern that products containing sugar or dairy products are being imported in such a way as to circumvent or avoid the quantitative limitations imposed on imports of sugar, sugar products, or dairy products under section 22 restrictions. To determine the extent that this is happening, and the effect on domestic price support programs, the Secretary of Agriculture is required to report to Congress within 120 days on the results of a study that will evaluate: Customs Service enforcement of

such limitations; the effectiveness of section 22 in preventing the circumvention or avoidance of established limitations; the changes in the composition and volume of imports containing sugar or dairy products; and the use of foreign trade zones to circumvent the established quantitative limitations.

Study of Honey Imports

There is Congressional concern that increasing imports of honey are having a stifling effect on the development of the domestic honey industry. Consequently, the Secretary of Agriculture is required to conduct a study to determine the effect of imported honey on: domestic honey producers, the adequacy of the honey bee population for pollination of domestic crops, and whether honey imports interfere with or render ineffective, the honey price support program. A report is to be submitted to the House and Senate Agriculture Committees, the House Committee on Ways and Means and the Senate Finance Committee within 60 days of enactment of this Act.

Report on Intermediate Export Credit

The Committee is intent on increasing U.S. exports through a variety of means, including developing markets for the long term. The U.S. currently utilizes a mix of food aid and other forms of development assistance in developing countries. When authorization for intermediate credit financing was established, it was intended that this program would assist in infrastructure development within the recipient country. While the U.S. is committed to providing a generous amount of food aid for immediate use, there also needs to be emphasis on development projects that will lead to increasing future U.S. agricultural imports.

The bill requires the Secretary of Agriculture to submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate concerning the use of the intermediate credit program to provide intermediate credit financing for the establishment of infrastructure facilities in importing countries.

Committee Consideration

S. 512, to improve the agricultural trade position of the U.S. primarily through the promotion of exports and for other purposes, was introduced by Senator Leahy, for himself, Senator Pryor, Senator Cochran, Senator Melcher and Senator Grassley, on February 5, 1987 and referred to the Committee on Agriculture, Nutrition, and Forestry.

The Subcommittee on Domestic and Foreign Marketing, chaired by Senator Pryor, held hearings on the agriculture trade bills on March 10 and 12, 1987. The trade bills referred to the Committee prior to the hearings were: S. 512, S. 488, and S. 310, to promote the export of agricultural commodities; and S. 659, to establish aid and trade missions. The bills submitted to the Committee after the Subcommittee had conducted hearings were: S. 1122, on meat inspection reciprocity, S. 1137, on implementation of the marketing loan, and S. 1013, to extend the authority for financing cooperative

exports. All of these bills were given full consideration by the Committee in the development of S. 512.

Witnesses at the March 10, 1987 hearing included: Senator Baucus; Senator Grassley; Thomas Kay, Director, Foreign Agriculture Service, USDA; Steve McCoy, National Commission on Agricultural Trade and Export Policy; Alex Curtis, National Council of Farm Cooperatives; LaVern A. Freeh, Land O'Lakes, Inc.; Vernon Scott, Cotton Council; Robert M. Bor, National Corn Growers Association. Witnesses at the March 12, 1987 hearing included: Orville Freeman, Agriculture Council of America; Dean Kleckner, American Farm Bureau Federation; Allan Mendelowitz, GAO; Bart S. Fisher, Patton, Boggs and Blow; John Baize, American Soybean Association; C. Manley Molpus, American Meat Institute; William K. Quarles, Sunkist Growers.

The Committee met on May 6, 7 and 14 to mark up trade legislation. A substitute for S. 512 was offered by Senators Leahy, Pryor, and Cochran and was marked up by the Committee. A number of amendments were adopted during markup. S. 512, as amended, was unanimously adopted by the Committee on May 14, 1987.

Rollcall Votes

In accordance with paragraphs 7(b) and 7(c) of Rule XXVI of the Standing Rules of the Senate, it is announced that—

(1) A motion was offered to add a provision under section 305, Triggered Marketing Loan, to give the President discretion in implementing the marketing loan program for wheat, feed grains and soybeans, if he could certify to Congress that significant progress was being made toward reaching a successful multilateral agricultural trade agreement and that implementation of the marketing loan provisions would be harmful to U.S. objectives in such negotiations. The motion was approved by a vote of 10 to 7 as follows:

YEAS	NAYS
Melcher	Boren*
Pryor	Heflin*
Lugar	Harkin
Dole*	Conrad
Helms	Fowler
Cochran	Daschle
Boschwitz	Leahy
McConnell	
Bond	
Wilson	

*By proxy

(2) A motion was offered to strike section 205, Office of International Market Development and Export Promotion, and insert language that would require the Secretary of Agriculture to reevaluate the reorganization proposal of the National Commission on Agricultural Trade and Export Policy. This was offered directly before a vote was to be taken on approving S. 512 as amended. It was agreed that S. 512 would be voted on pending the results of this poll. The Committee approved the motion by a poll vote of 11 to 5

and it was incorporated in the approved bill. The results are as follows:

YEAS	NAYS
Boren	Harkin
Fowler	Conrad
Lugar	Daschle
Dole	Breaux
Helms	Leahy
Cochran	
Boschwitz	
McConnell	
Bond	
Wilson	
Karnes	

(3) A motion was offered to approve S. 512 as amended. The motion was approved unanimously.

YEAS

Melcher
Pryor*
Boren*
Heflin*
Harkin
Conrad
Fowler
Daschle
Breaux*
Lugar
Dole*
Helms*
Cochran*
Boschwitz
McConnell*
Bond
Wilson*
Karnes
Leahy

*By proxy

Section-by-Section Analysis

Section 1.

This section provides that the Act may be cited as the "Agricultural Competitiveness and Trade Act of 1987".

Section 101. Crisis in Agricultural Trade

Subsection (a) sets forth the findings of the Congress that exports of United States agricultural commodities have declined dramatically since 1981, such decline in exports causes the loss of tens of thousands of agricultural and non-agricultural jobs and threatens the existence of family farms. Increasing exports is vital to the financial well-being of the farm sector and to increasing farm income.

Subsection (b) provides that it is the policy of the United States to increase the volume of, and revenues from, agricultural exports; to gain a fair share of world agricultural trade based on competitive trade principles; to aggressively support programs designed to make United States exports more competitive abroad, including the agricultural export enhancement program, the export credit guarantee program, and direct credit programs; and to challenge before the appropriate panels of the General Agreement on Tariffs and Trade (the "GATT") barriers to agricultural trade that are illegal under, or inconsistent with, the GATT.

Section 102. Multilateral Trade Negotiations

Section 102(a) sets forth certain findings of Congress that, while current international rules governing agricultural trade have been ineffective in preventing distortions in world trade, agricultural trade talks at the Uruguay Round of the multilateral trade negotiations represent a positive first step toward revising GATT provisions on agricultural trade, which need to be strengthened and clarified. The successful and rapid completion of these multilateral negotiations is vital to the agricultural trade interests of the United States.

Subsection (b) provides that it is the policy of the United States to reduce agricultural price support programs, in cooperation with our trading partners, under a multilateral arrangement. This is to be achieved by reducing the leval of government subsidies in a manner that ensures a strong agricultural sector, increased exports, and is consistent with efforts to reduce the federal budget deficit. The United States will maintain support of the agricultural sector at current or increased levels, if necessary, in order to remain competitive.

Subsection (c) sets forth the general negotiating objectives of the United States with respect to the upcoming multilateral negotiations concerning the agricultural trade provisions of the GATT. It is the objective of the United States to increase United States exports by eliminating barriers to trade, to clarify the GATT rules for agricultural trade, and to make the GATT a more useful tool for a free and more open world agricultural trading system by resolving questions pertaining to export subsidies, market pricing, and market access.

Section 103. Agricultural Trade With Countries With Large Trade Surpluses

Section 103 provides that it is a primary negotiating objective of the United States to seek the elimination of barriers to agricultural trade by nations that have unusually large overall trade surpluses with the United States. It is the responsibility of those nations to reduce such barriers.

Section 104. Elimination of Barriers to Agricultural Trade

Section 104 provides that it is the policy of the United States to seek the elimination of barriers to agricultural trade and an end to extensive protection of domestic markets by all foreign governments and organizations.

TITLE II—AGRICULTURAL TRADE INITIATIVES

Section 201—Definitions

Section 201 sets forth certain definitions for the purposes of Title II of the bill.

Section 202. Commodities for Cooperator Organizations

Section 202 authorizes the Secretary of Agriculture to make Commodity Credit Corporation (CCC) commodities available to cooperator organizations. If commodities are made available under this section, the cooperator organizations shall use such commodities to establish demonstration projects intended to expand markets for US agricultural commodities.

Section 203. Personnel of the Service

Subsection (a)(1) provides that the authorized personnel level for the Foreign Agricultural Service (FAS) shall not be less than 850 full time employees for fiscal years 1987, 1988 and 1989, to help FAS more effectively carry out its responsibilities with respect to the various agricultural export programs of the United States.

Subsection (a)(2) provides that it is the sense of Congress that such increased personnel levels should allow FAS to devote greater resources to developing new markets for U.S. agricultural commodities and products.

Subsection (b)(1) provides for the establishment of a program within FAS whereby agricultural attaches returning from overseas assignments would visit and consult with agricultural producers and exporters throughout the country, to share their knowledge and expertise, in order to increase future exports of U.S. agricultural commodities and products.

Subsection (b)(2) requires the Administrator, FAS, to establish an educational program within FAS which would give agricultural attaches and Service officers an opportunity to provide market development training and facilitate the exchange of information on market development and export promotion, with at least 30 private sector individuals, per session. These individuals would represent cooperator organizations, state agricultural offices, and various other interested parties (such as representatives of small agricultural businesses). This program is to be established within 120 days after enactment of this Act.

Subsection (c) provides that the Administrator of FAS, in planning the overall allocation of personnel resource time of agricultural attaches, shall ensure that the maximum percentage practicable of the overall personnel resource time of agricultural attaches be devoted to activities designed to increase markets for U.S. agricultural commodities and products. The Administrator is required to submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that describes the allocation of personnel resource time of agricultural attaches during each of the fiscal years 1988 and 1989. The reports shall be submitted not later than September 30, 1988, and September 30, 1989, respectively.

Subsection (d) authorizes FAS to employ, on a short term basis, private sector individuals who are experts in agricultural market

development, and also permits FAS employees to work in the private sector to develop new market development expertise. The Administrator shall carry out this program in accordance with 18 U.S.C. 208 and all other provisions of law applicable to conflicts of interest.

Section 204. Contracting Authority to Expand Agricultural Export Markets

This section authorizes the Secretary of Agriculture to contract with individuals for services to be performed outside the United States. The Secretary may use this authority to more effectively carry out programs and activities to maintain, develop or enhance export markets for U.S. agricultural commodities and products. These individuals would not be considered employees of the U.S.

Section 205. Evaluation of Reorganization Proposals

This section requires the Secretary of Agriculture to evaluate the reorganization proposal recommended by the National Commission on Agricultural Trade and Export Policy and other proposals to improve the current management of the international trade activities of the Department of Agriculture. The section also provides for the appointment of a private sector advisory committee to assist the Secretary in this evaluation. The Secretary shall submit a report to Congress containing the findings of this study no later than April 30, 1988.

Section 206. New Market Development

Section 206 authorizes additional appropriations for FAS equaling $15.2 million in 1987 and 1988, and $17.2 million in 1989 and 1990. This increased amount is allocated to the following uses in each fiscal year: $3.5 million for program management and support (including the expansion of the agricultural attache service); $4 million for creation of new markets and for providing adequate staff for developing markets for high value-added products; $2.7 million in FY 1987 and 1988 and $4.7 million in FY 1989 and 1990 for the conduct of trade shows and exhibitions; and $5 million for general foreign market development activities.

Section 207. Trade Shows and Exhibitions

Section 207 requires the Administrator of FAS to use the increased funds for trade shows provided for in section 206 to increase the number of trade shows and exhibitions conducted by FAS, improve the quality of the trade shows and exhibitions conducted by FAS so that the quality is on a par with that of other countries' trade shows, provide more variety in the trade shows and exhibitions, and target the additional trade shows at newly developing markets.

Section 208. Representation at Negotiations Relating to Agricultural Trade Agreements

Section 208 provides for the appointment of 2 Senators and 2 Representatives as official advisors to the United States delegations to the multilateral negotiations relating to agricultural trade. These advisors shall be appointed by the President pro tempore of

the Senate and the Speaker of the House, respectively, upon the recommendation of the Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, and the House Agriculture Committee, respectively. The United States Trade Representative shall keep these advisors informed concerning the multilateral negotiations and these advisors, in turn, shall keep the respective agriculture committees informed concerning the GATT negotiations.

Section 209. Assistance for Victims of Unfair Agricultural Trade Practices and Policies

This section requires the Secretary of Agriculture to assist United States citizens and organizations that have been damaged by unfair agricultural trade practices and policies. The Secretary is to assist such persons in preparing cases before the United States Trade Representative, the International Trade Commission, the U.S. Department of Commerce, the Court of International Trade, and any other similar agency. The Secretary is also required to—

(1) provide and update information to such persons regarding the incidence and severity of such practices and policies;

(2) inform such persons of any adverse effect on them caused by such practices and policies of which such persons are not aware;

(3) report information relating to such unfair trade practices and the effects of such practices to the appropriate Federal agencies, together with a recommendation with regard to what actions, if any, should be initiated under the laws of the United States with respect to trade; and

(4) annually notify Congress of any assistance that is provided under this section.

Subsection (b) provides that after the Secretary of Agriculture provides information and recommendations to the appropriate Federal agencies in accordance with subsection (a)(4), such agencies shall consult with the Secretary of Agriculture and inform the Secretary what actions, if any, such agencies will initiate in response to the information provided by the Secretary and the reasons for the chosen response.

Subsection (c) provides that the Secretary implement section 209 not later than 180 days after the date of enactment of this Act.

Section 210. Value-added beef, pork, and poultry products

Section 210 provides that the Administrator of FAS, in carrying out the programs of FAS, shall place emphasis on the development of markets for value-added beef, pork, and poultry products. The Administrator shall promote the goal of assuring that the United States' share of the world export market for these meat products is at least as great as the United States' share of the world production market for these products. The Administrator of FAS shall submit an annual report to Congress describing the progress that has been made in achieving this goal.

TITLE III—EXISTING AGRICULTURAL TRADE PROGRAMS

Section 301. Triggered Marketing Loan Program

Section 301 requires the Secretary of Agriculture to implement a marketing loan program for producers of the 1990 crop of wheat, feed grains, and soybeans if, prior to the beginning of the 1990 marketing year for wheat, a bill has not been enacted in accordance with section 151 of the Trade Act of 1974 (19 U.S.C. 2191) that implements a trade agreement under the GATT concerning agricultural commodities. Under the marketing loan program required by this section, the Secretary of Agriculture shall permit producers to repay loans made under sections 107D(a), 105C(a), and 201(i)(1) of the Agricultural Act of 1949 for the 1990 crop of wheat, feed grains and soybeans at a level that is the lesser of the loan level for such crop or the prevailing world market price established for the commodity that is pledged as collateral.

The President may waive the implementation of the mandatory marketing loan program if, during the 60-day period immediately prior to the beginning of the 1990 marketing year for wheat, the President certifies to Congress that (1) significant progress has been made toward reaching a trade agreement that implements the objectives set forth in section 102(c) of the bill, and (2) implementation of the marketing loan program would be harmful to achieving the trade agreement objectives.

The President must consult with the Congressional representatives appointed under section 208 of this Act prior to making the certification and must accompany the certification with the opinion of such Congressional representatives concerning the progress of the negotiations and the effect that implementation of the marketing loan program would have on the negotiations.

Section 301(c)(1) provides that the President's waiver shall not apply if a joint resolution disapproving the waiver is enacted.

Section 301(c)(2) through (8) contain provisions that modify the rules of the Senate and the House of Representatives for the express purpose of providing for expedited consideration of the joint resolution referred to in subsection (c)(1). Such joint resolution would be referred to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Motions to consider or discharge the joint resolution may not be amended and shall be highly privileged. Debate on the joint resolution shall be limited to not more than 10 hours. Motions to postpone consideration of the joint resolution and appeals from decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to the joint resolution shall be decided without debate.

Section 302. Multiyear agreements under the Food for Progress Program.

Section 302 amends section 1110 of the Food Security Act of 1985 (7 U.S.C. 1736o) to provide that the President shall, on request, approve multiyear agreements to make agricultural commodities available for distribution or sale by recipients under the Food for

such program. These agreements must be concurred with by the U.S. field mission of the Agency for International Development.

Section 303. Targeted Export Assistance

Section 303 amends subsection (a) of section 1124 of the Food Security Act of 1985 by increasing the amount of funds of, or value of commodities owned by, the CCC that shall be used for export activities authorized to be carried out by the CCC or the Secretary of Agriculture, to not less than $215 million for fiscal year 1988, and not less than $325 million for fiscal years 1989 and 1990. For fiscal year 1988, the Secretary is required to use the funds of, commodities owned by, the CCC in excess of $110 million only to the extent that appropriations are made available in advance.

Section 303(b) amends subsection (b) of section 1124 of the Food Security Act of 1985 to provide that funds of, or commodities owned by, the CCC that are made available under section 1124 may be used by the Secretary of Agriculture to compensate trade organizations representing producers or processors of U.S. agricultural commodities for reasonable expenses, as determined by the Secretary, incurred by such organizations in helping defend against countervailing duty actions instituted in foreign countries to offset benefits that may be provided to U.S. producers and processors under the price support programs authorized under the Agricultural Act of 1949. This authority only applies to countervailing duty actions that have been instituted after January 1, 1986. Compensation provided for by the Secretary under this section may not exceed $500,000 for the defense of any one countervailing duty action. If the Secretary determines not to make funds or commodities available to a trade association after receiving a request for compensation, the Secretary shall inform the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the reasons for the determination.

Section 304. Export Credit Guarantee Program

Section 304 provides that it is the sense of Congress that CCC make short term credit guarantees available to countries without placing a ceiling on the amount of such credit guarantees that may be used for exports of a particular commodity to a specific country. The full allocation of credit guarantees for a specific country should be available for use for exports of all eligible commodities to such country.

Section 305. Agricultural Export Enhancement Program

Section 305 amends section 1127 of the Food Security Act of 1985, which established the Export Enhancement Program (EEP), as follows:

(a) With respect to exports of wheat and feed grains, to the extent that the Secretary is required to make EEP available under subsection (a)(3) of section 1127 (for example, to counter or offset a subsidy or unfair trade practice of a foreign country), the Secretary must make EEP bonus commodities available to all interested U.S. exporters, users, processors, or foreign purchasers in sufficient quantities to make such commod-

ities competitive and increase the use of such commodities. The Secretary shall give priority to sales to countries that have traditionally imported or purchased the commodities and products and sales to countries that continue or begin to import or purchase such commodities in quantities equal to or greater than the level of imports or purchases in a previous representative period.

(b) Subsection (b)(3) of section 1127 modifies the requirement that the Secretary implement the EEP in such a way as to "avoid" market displacement of U.S. sales. Under the amendment, the Secretary must operate the program in such a way as to "minimize" such market displacement.

(c) Subsection (i) of section 1127 is amended to extend the EEP through the 1990 fiscal year and to increase the level of funding for EEP during the 1989 and 1990 fiscal years. The Secretary is required to use agricultural commodities and products to carry out EEP that equal in value to not less than $500,000,000 during the two year period ending September 30, 1990. Further, the ceiling on total expenditures that the Secretary is authorized to expend under the EEP is raised from $1.5 billion dollars to $2.5 billion dollars over the entire five year period, 1985 through 1990.

(d) Subsection (i) of section 1127 is further amended to provide that the value of commodities used in the program shall be determined on the basis of their market value when they are made available.

(e) A new subsection (j) is added at the end of section 1127. This subsection provides that the producers of any agricultural commodity referred to in subsection (a)(2) of section 1127 may petition the Secretary to request treatment for their commodity similar to that provided for wheat and feed grains. It further states that within 30 days after receipt of such petition, the Secretary shall determine whether to provide such treatment and will publish the determination in the Federal Register. The determination shall be based on the preference of the domestic industry that produces the specific commodity and the trade interests of the United States.

Section 306. Agricultural attache reports

Section 306 amends section 1132(b) of the Food Security Act of 1985 to require the Secretary of Agriculture to take certain actions with respect to the reports prepared by agricultural attaches in accordance with section 1132 as follows:

(1) rank each barrier to trade by commodity group according to the potential percentage increase of dollar sales for each group;

(2) include in the compilation a list of actions undertaken or actions planned to be undertaken to reduce or eliminate such trade barriers; and

(3) make the compilation available to Congress, the agricultural policy advisory committees, and, if nonconfidential, other interested parties.

Section 307. Financing of agricultural exports

Section 307 amends section 4.20 of the Farm Credit Act of 1971 by striking the sunset provision of the Banks for Cooperatives authority to finance certain international transactions. This extends this authority indefinitely.

Section 308. Eligibility of certain agricultural commodities for export credit guarantee programs

Section 308 provides that export sales of agricultural commodities produced in the United States shall be eligible for short or intermediate term export credit guarantees made available by the CCC if at least 75 percent of the cost of the agricultural commodities used to produce the commodity being exported is derived from agricultural commodities produced in the United States. However, any export credit payment guarantee made available with respect to the export of an agricultural commodity that is not composed of 100 percent U.S. product may not cover any portion of the exported commodity that was derived from agricultural commodities produced outside the United States.

Section 309. Uniform treatment of commodities under agricultural export programs

Section 309 amends sections 106A(d)(1)(B) and 106B(d)(2)(A) of the Agricultural Act of 1949 to provide that any loss that is sustained by the association that provides price support to tobacco producers as the result of the export, pursuant to an export promotion program carried out by the Secretary of Agriculture or the CCC, of tobacco that has been pledged as collateral for such loans shall not be taken into account in determining assessments and contributions, as the case may be, to be levied against tobacco producers.

TITLE IV—AGRICULTURAL AID AND TRADE MISSIONS

Section 401. Definitions

Section 402. Agricultural Aid and Trade Missions

Section 402 provides for the establishment, within 60 days of enactment, of "agricultural aid and trade missions" composed of representatives of the Departments of Agriculture and State, AID, OPIC, and 3 to 6 representatives from market cooperators, private voluntary organizations (PVOs), and cooperatives. An OPIC representative would not be included in missions to countries with which it does not have an agreement. Mission team members who are not federal employees will serve without compensation, except for per diem, travel expenses and other necessary costs.

Section 403. Eligible Countries

Section 403 requires the completion of missions to eight countries within six months and to an additional eight countries within one year from date of enactment. Additional missions may be established by the Secretary of Agriculture. Criteria are provided for selection of the countries. While the Committee decided to leave the selection of countries to the discretion of the Executive Branch, within the criteria set out in this section, it requests that upon the

selection of countries under Sections 102 and 103 and the naming of members of missions that it be informed thereof.

The Committee was concerned that there be one person under those direction the aid and trade missions would be established, and therefore selected the Secretary of Agriculture. However the Committee expects that decisions in selecting countries to receive aid and trade missions, the priorities to be addressed by the missions in each country and other matters will be made through a consultative process among the agencies involved. This legislation should not be construed as altering any existing relationships in the field among representatives of those agencies.

Section 404. Functions

Section 404 (1) requires the members of a mission to meet with representatives of the U.S. Government, the host country, commodity boards, private companies, PVOs and cooperatives that operate in the eligible country to assist them in selecting U.S. aid and trade programs that will be mutually beneficial in meeting the food and economic needs of the country. Section 404 (2) requires such missions to provide technical expertise and information to appropriate U.S. and foreign government representatives and private organizations. Subsection (3) requires members to assist in obtaining commitments regarding food aid programs and commodity sales. All relevant programs under the Commodity Credit Corporation Charter Act, Title I and II of the Agricultural Trade Development and Assistance Act of 1954, Section 416 of the Agricultural Act of 1949, the Food for Peace Act of 1966, and the Food Security Act of 1985, will be presented by the mission.

Missions are to assist in obtaining firm commitments for (1) proposals for food aid programs; and (2) agreements for export commodity sales.

Section 405. Mission Reports

Section 405 requires, within 60 days of completing its mission, that each mission prepare a report of its findings and recommendations. This report will be submitted to the President, the House and Senate Agricultural Committees, the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Secretary of Agriculture, the Secretary of State, the Administrator of AID and the President of OPIC.

Section 406. Progress Reports

Section 406 requires quarterly reports of the progress made in implementing the recommendations of the missions to be submitted to the House and Senate Agriculture Committees, the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations by the Secretary of Agriculture and the Administrator of Aid for a two year period, beginning one year after the enactment of the bill. This report would include the quantity and dollar value of commodities shipped to eligible countries and the specific development programs undertaken in accordance with this title.

Section 407. Use of Commodity Credit Corporation

Section 407 provides, within the funds available to the CCC, for use of the facilities, services, authorities, and funds of the CCC in carrying out this title. This would include payment of per diem, travel expenses and other necessary costs for all mission members.

TITLE V—PUBLIC LAW 480

Section 501. Level of Sales for Foreign Currency

Section 501 amends section 101(b) of the Agricultural Trade, Development and Assistance Act of 1954 (PL 480) by requiring that for each of fiscal years 1988 through 1990, each PL 480 Title I agreement shall " provide for" some slae for foreign currencies for use under Section 108, except for agreements with a country the President determines is "incapable" of participating in Section 108. A country would be considered incapable if, for example, there were no eligible private sector financial intermediaries in the country, or if the country were currently operating under a multiyear program which had already fully programmed the local currency sales receipts.

This provision is not intended to jeopardize Title I sales. However, the Committee believes strongly that Section 108 can be a potent tool for promotion of the private sector in developing countries and that it is incumbent upon field missions to promote its use and to insure that governments and the private sector of developing countries are fully informed about its possibilities. This requirement may be waived if the President determines that the level of agricultural commodities furnished under Title I will be "significantly reduced" as a result of compliance with this provision.

Section 502. Terms and Conditions of Agreements with Friendly Countries and Organizations

Section 502 amends section 103 of PL 480 by requiring the President to give favorable consideration in the allocation of PL 480 Title I commodities to countries promoting the private sector through the use of Section 108.

Section 503. Criteria of Self-Help Measures

Section 503 adds the promoting of conservation and study of biological diversity as a self-help measure under PL 480. This permits PL 480 to be used more widely for biological diversity conservation projects. Projects could include (1) research on threatened of critical ecosystems and species, especially in tropical developing countries; (2) establishment of national conservation data centers to determine conservation priorities and to review environmental impacts of development projects; (3) development of national conservation strategies; (4) identification of areas of high species endism, and centers of origin of important crop plants; (5) acquisition of biologically important lands to establish parks, agricultural reserves or other types of conservation units; (6) in-country training of foreign resources management and support for institutions that do such training; (7) public awareness campaigns involving local and international non-governmental organizations to promote the con-

servation of biological diversity; and (8) restoration of degraded ecosystems.

Section 504. Use of Cooperatives to Furnish Commodities

This section amends PL 480 section 202(a), to clarify and emphasize that cooperatives are eligible to furnish commodities under PL 480 Title II.

Section 505. Limitation on Use of Foreign Currencies

Section 505 amends section 206 of PL 480 to clarify that an agreement with a host country is not needed as a prerequisite to implementing PVO and cooperative projects using local currencies from full or partial sales of Title II commodities in that country. Host countries would of course still have to agree to operation of PVOs and cooperatives in the country and could continue to exercise approval rights over individual projects should they so choose.

Section 506. Reports on Sales and Barter and Use of Foreign Currency Proceeds

Section 506 amends section 206 of PL 480 by requiring that not later than February 15, 1988 and annually thereafter, the President is to report to Congress on sales and barter and on the use of foreign currency proceeds. In effect, this section harmonizes and conforms the reporting requirements in PL 480 Title II on sales and barter and use of foreign currency proceeds with the reporting requirements of Section 416(b)(9)(B) of the Agricultural Act of 1949.

Section 507. Use of Foreign Currency Proceeds

Section 507 amends Section 207 of PL 480 to:

(1) clarify and emphasize that PVOs and cooperative are eligible to implement a broad range of developmental activities funded by the sale of local currencies under Title II. Such activities are encouraged by the Committee. Current administrative guidelines on sales and barter do not provide for cooperative development projects, even though they have been successful in India (dairy products and oilseeds), Indonesia (wheat), and Jamaica (butter and cheese). It is the intent of Congress that Title II be used for cooperative projects. Current guidelines have limited the types of programs that PVOs can initiate using local currencies. Current guidelines will only allow the PVOs and cooperatives to pay for transportation, distribution, or costs related to direct feeding programs, whereas Congress intended that the local currencies be used to implement a broad range of activities, including those without a feeding component;

(2) double the amount of commodities required to be used for sales for foreign currencies from five percent of the "aggregate value of commodities distributed under non-emergency programs" to ten percent. Currently, 5 percent of the aggregate value of Title II commodities is available for PVO and cooperative sales and barter programs. Since the aggregate value of commodities is only half of the appropriated amount for Title II, the value of commodities available for sales and barter is $11.4 million, which is equivalent to 1.8 percent of the total ap-

propriations of $628 million. Therefore, this section increases the percent for sales and barter in order to increase the actual amount sold closer to 5 percent of the appropriated amount; and

(3) clarify that full as well as partial sales or barter of commodities is authorized and encouraged. A purpose of this section is to emphasize that there should be new initiatives to stimulate income growth and economic development which will result in improved export markets for U.S. products.

Section 508. Periods for Review and Comment

Section 508 amends title II of PL 480 by adding a new section that:

(a) requires that final action on a PVO or cooperative proposal having USAID field mission approval be taken by Washington within 45 days of its submission to A.I.D. Washington. Currently proposals approved by AID field missions which are sent to Washington can take months before the Washington interagency approval process is completed. A 45 day limit for decisions on programs for the current fiscal year will encourage submission of proposals and help assure that commodities are called forward within the current fiscal year.

(b) requires that notice of a draft Administration guideline for PL 480 Title II be provided to PVOs and cooperatives that participate in programs under such title, and other interested persons not later than 30 days prior to issuance, that the proposed guideline be made available, on request, for review and comment by PVOs, cooperatives and others, and that any such comments be taken into consideration prior to issuance. Currently, PVOs, cooperatives, and other interested parties are rarely afforded the opportunity to review pending guidelines and submit comments. Such guidelines are generally exempt from the notice and comment rulemaking requirements of the Administrative Procedures Act ("APA"), 5 U.S.C. Sec. 553.

Publication of the guidelines in the Federal Register is not required by this provision. The intent is to encourage AID and USDA to consult informally with PVOs and cooperatives with respect to any proposed guidelines or changes thereto. This consultation process is not intended to trigger requirements for informal rulemaking procedures pursuant to the APA. APA exemptions to rulemaking will continue to apply.

(c) Assures that approved commodities will be delivered on time. "Call forwards" or orders have frequently been delayed in spite of the fact that the program commodities have already been approved by the DCC (Development Coordination Committee, composed of AID, USDA, State, Treasury, and OMB).

Section 509. Extension of farmer-to-farmer program

Section 509 amends section 1107(a) of the Food Security Act of 1985 to extend the farmer-to-farmer program established by that section through September 30, 1990. The program was due to expire on September 30, 1987.

TITLE VI—SECTION 416

Section 601. Eligible Commodities

Section 601 amends section 416(b)(2)(A) of the Agricultural Act of 1949 to clarify that commodities for use as animal feed may be made available under Section 416. This section also clarifies that processed and value added products are eligible under Section 416.

Section 602. Availability of Commodities

This section provides that when, under Section 416, commodities are made available to the government of a foreign country, the PVOs and cooperatives operating in that country shall also be eligible to receive commodities to conduct programs in the same country.

For FY 1987, $189 million worth of commodities have been made available to governments as compensation for decreases in the U.S. sugar quota. These commodities will be made available with streamlined procedures to governments, but not to the PVOs and cooperatives working in a recipient country. This contradicts the goal of working with the private sector and individuals rather than channeling food primarily through governments.

Section 603. Multiyear Agreements

Section 603 amends section 416(b)(4) of the Agricultural Act of 1949 by requiring the Secretary of Agriculture on request, to make commodities available for distribution or sale in multiyear agreements, if the proposal otherwise meets the requirements of Section 416. These would be agreements which have the concurrence of the USAID field mission. Many times a PVO will have a multiyear project that requires a degree of certainty regarding the future availability of commodities. The intent of this section is to stimulate greater use of multiyear agreements.

It should be noted that all multiyear commitments to furnish commodities available for PL 480 and Section 416 are contingent on the availability of these commodities.

Section 604. Foreign Currency Use and Allocation Requirements

Section 604, in subsection (a), clarifies Section 416 (b)(7)(D) to emphasize that is the intent of the Committee that PVOs and cooperatives are eligible to implement a broad range of developmental activities funded by the generation of local currencies under this section, and that full, as well as partial sales or barter of commodities is authorized and encouraged. This is similar to Section 207 of this bill. Thus, local currencies are allowed not simply for transportation and distribution and other costs related to feeding programs, but also for broader development projects by PVOs and cooperatives.

Subsection (b) increases the floor of the amount of sales of Section 416 commodities available for sale for foreign currencies by PVOs and cooperatives from 5 to 10 percent of the value of all goods furnished under Section 416, or of the minimum tonnage required, whichever is greater (excepting commodities made available to carry out the Food for Progress Act of 1985). This should stimu-

late new initiatives for income generating and other economic development projects.

Section 605. Periods for Review and Comment

Section 605 is similar to Section 508 of this bill. Section 605 provides for the same time periods for making final decisions on PVO and co-op proposals, for review and comment on Section 416 guidelines and for responding to call forwards for the Section 416 program as have been provided for the PL 480 Title II program. Committee comments under Section 508 above apply to Section 605.

Section 606. Pilot Barter Program

Section 606 provides that it is the sense of Congress that the Secretary of Agriculture, not later than September 30, 1987, implement the pilot barter program established under section 416(b) of the Agricultural Act of 1949.

TITLE VII—MISCELLANEOUS PROVISIONS

Subtitle A—General Provisions

Section 701. Application of marketing orders to imports

Section 701 amends section 8e of the Agricultural Adjustment Act (7 U.S.C. 608e-1) to authorize the Secretary of Agriculture to establish the effective period for the application of marketing order requiremetns for imported commodities in advance of the date the marketing order is in effect upon a finding by the Secretary that the earlier effective period is needed to prevent imported commodities that would otherwise fail to meet the order from being marketed during the effective period of the marketing order.

Section 702. Price support programs for sunflower seeds and cottonseeds

Section 702 amends section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) with respect to price support programs for the 1990 crops of sunflower seeds and cottonseeds.

Price support for sunflower seeds.—Section 702(a) amends section 201 of the Agricultural Act of 1949 to provide that if a marketing loan program is implemented under section 301 of the Agricultural Competitiveness and Trade Act of 1987 with respect to the 1990 crop of soybeans, the Secretary of Agriculture shall implement a price support program for the 1990 crop of sunflowers.

Price support for cottonseeds.—Subsection (b) amends section 201(i) of the Agricultural Act of 1949 to add a new paragraph (7) that provides that if a marketing loan program is instituted for the 1990 crop of soybeans under section 301 of the Agricultural Competitiveness and Trade Act of 1987 the Secretary of Agriculture shall support the price of cotton seeds at such level and in such manner as the Secretary determines will cause cottonseeds to compete on equal terms with soybeans in the market.

Section 703. Reciprocal meat inspection requirements

Section 703 amends Section 20 of the Federal Meat Inspection Act to require the Secretary of Agriculture, based on his/her own

initiative or through a request from the House or Senate Agriculture Committees, to determine if a foreign country is applying standards to U.S. meat imports that are either unsubstantiated or are more strict than those applied to domestically produced meat in such country. If the Secretary determines that a foreign country applies unsubstantiated or discriminatory standards to U.S. meat imports and the Secretary determines that other trade measures are not adequately addressing the problem, meat articles slaughtered in a plant in such foreign country will be denied entry into the U.S. unless the Secretary has issued a certification stating that such meat meets all applicable U.S. health standards.

Section 704. Agricultural import data

Section 704 requires the Secretary of Agriculture, in consultation with various agencies that compile and report data and statistics on agricultural imports, to issue quarterly reports containing: (a) the total value and quantity of imported raw and processed agricultural products; and (b) the total quantity of production and consumption of domestically produced raw and processed agricultural products. These statistics are to be in a format to enable correlation between the total quantity and value of imported agricultural products and the production and consumption of domestic agricultural products.

Section 705. Prohibition on funding research for foreign agricultural production.

Section 705 provides that no funds made available to carry out chapter 1 of part 1 of the Foreign Assistance Act of 1961 shall be made available to a foreign country for any testing or breeding, feasibility study, variety improvement or introduction, consultation, publication, conference, or training in connection with the growth or production in such foreign country of an agricultural commodity for export, if the commodity would compete with a similar commodity that is grown or produced in the U.S. This prohibition does not apply to such activities designed to increase food security in developing countries if such activities will not have a significant adverse impact on the export of agricultural commodities of the U.S. or to research activities intended primarily to benefit U.S. agricultural producers.

Section 706. Monitoring Egg Imports

Section 706 provides that it is the sense of Congress that if egg products from the European Community are certified for import into the U.S., the International Trade Commission should monitor such egg imports for a one year period following such certification. The ITC should submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the extent to which egg imports are subsidized or sold below fair market value and the impact of the imports on the domestic egg industry.

The United States Trade Representative should enter into negotiations with the EC with respect to trade barriers of the EC that limit the access of U.S. egg producers to EC markets and any export subsidies on egg exports of the EC.

If the study conducted by the ITC shows that the duties, tariffs, or subsidies used by the EC have had a substantial negative effect on the domestic egg industry, the U.S. government, no later than 6 months following the submission of the study, should use all available and appropriate means to encourage the EC to liberalize trading practices concerning eggs and egg products produced in the United States.

Subtitle B—Wood and Wood Products

Section 711. Developing markets for wood and wood products under Public Law 480

Section 711 amends section 104(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 to make wood and processed wood products of the U.S. eligible for certain P.L. 480 market development activities.

Section 712. Developing markets for wood and wood products under the short-term and intermediate term export credit guarantee programs.

Section 712 amends section 1125 of the Food Security Act of 1985 by designating wood and wood products as agricultural commodities, and therefore eligible for short and intermediate term export credit guarantee programs.

Section 713. Cooperative national forest products marketing program

Section 713 requires the Secretary of Agriculture to establish a cooperative national forest products marketing program to improve the competitiveness of the U.S. forest products industry. The program is to provide technical assistance to the States and to the industry to improve marketing activities and increase competitive opportunities. It is also to provide financial grants to the States, with matching requirements to assist in regional forest products marketing efforts. Special attention is to be given to small and medium sized forest products firms since these firms in particular, lack the tools to meet the challenge of increasing domestic and foreign competition.

This section authorizes $5 million to be appropriated for each of fiscal years 1989 (check), 1990 and 1991. This section also requires the Secretary of Agriculture to report annually to Congress on the activities under the marketing program.

Section 714. Use of Department of Agriculture programs

This section directs the Secretary of Agriculture to actively use Department of Agriculture commercial and concessional export credit programs to promote the export of wood and processed wood products.

Subtitle C—Safe Food Imports

Section 721. Definitions

Section 721 contains certain definitions applicable to subtitle C. The term C. The term "agricultural commodity is defined as any

food in its raw or natural state, including all fruits that are washed, colored, or otherwise treated in their unpeeled natural form prior to marketing.

Section 722. Sampling plan

Subsection (a) provides that the Secretary of Health and Human Services (the "Secretary") shall prepare a plan, within 90 days of enactment of the Act, specifying the distribution for the fiscal year for which the plan is prepared of the resources of the Food and Drug Administration (the "FDA") available for the sampling of imported raw agricultural commodities to ensure (1) compliance with FDA laws, regulations, and enforcement requirements governing pesticide residues on commodities and (2) timely sharing among FDA districts of data and information relating to violations of these laws, regulations, and enforcement requirements. The Secretary must also describe the methods FDA will use to improve the enforcement of such laws, regulations, and requirements.

Subsections (b), (c), and (d) require the Secretary to—

(1) publish the proposed plan in the Federal Register within 45 days of enactment of the Act and to request public comment on the plan for a period of 30 days after publication;

(2) annually revise such plan no later than 45 days after the end of each fiscal year, if it is determined that such revision is necessary; and

(3) implement such plan in the fiscal year for which the plan was prepared.

Section 723. Monitoring Summary

Section 723 requires the Secretary to prepare a summary, within 45 days after the end of each fiscal year, concerning the importation of raw agricultural commodities. The summary shall specify each type of raw agricultural commodity imported during the fiscal year; the countries exporting these commodities; the volume of these commodities; the number of samples taken by FDA in connection with the laws, regulations, and enforcement requirements governing pesticide residue levels on these imported commodities; and the commodities, chemicals, importers, and countries involved in each reported violation of law, regulation, or enforcement requirement.

If, during any growing season, a raw agricultural commodity imported from a particular country is found to violate provisions of law, regulation, or enforcement requirement governing the level of pesticide residue permitted on or in such commodity, the Secretary shall continue, during the immediately successive growing season, to monitor imports of such commodity from such country to determine compliance with the applicable laws, regulations, and enforcement requirements.

Section 724. Report

Section 724 requires the Secretary to submit to the Committee on Agriculture, Nutrition, and Forestry and the Committee on Labor of the Senate and the Committees on Agriculture and Energy of the House of Representatives a report concerning the enforcement by FDA of laws, regulations, and other requirements governing

pesticide residue levels on imported raw agricultural commodities. The report shall include the following:

(1) a copy of the plan and monitoring summary required in accordance with sections 721 and 722 of this Act;

(2) a description of reported violations of the laws and regulations governing pesticide residue levels on or in imported raw agricultural commodities, the action taken in response to such violations, and the reasons for taking such actions;

(3) a description of any research conducted by the Secretary to develop improved methods to detect pesticide residues in or on raw agricultural commodites; and

(4) any recommendations the Secretary considers appropriate for legislation to add or modify penalties for violations of the laws, regulations and other enforcement requirements governing pesticide residues in or on imported raw agricultural commodities.

Subtitle D—Studies and Reports

Section 731. Study of dairy import quotas

(a) This section requires that a study be conducted within 180 days of enactment of this Act, to determine whether the price support program for milk would be adversely affected by any reduction in, or elimination of, limitations that have been imposed on the importation of certain dairy products under section 22 of the Agricultural adjustment Act, as a result of upcoming multilateral trade negotiations, including those being conducted under the General Agreement on Tariffs and Trade.

(b) The Secretary is to submit a report on the results of the study, along with recommendations, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate.

Section 732. Report on intermediate export credit

This section requires that not later than December 31, 1987, the Secretary of Agriculture shall report to the Senate and House Agriculture Committees on the use of the intermediate credit program authorized under Section 4(b) of the Food for Peace Act of 1966 to improve storage and marketing of imported agricultural products, to increase livestock production, and to increase markets for U.S. livestock. This reflects the Committee's concern that this credit not be used solely for sales of agricultural products but also for facilities that will permit countries to import increased amounts of U.S. agricultural products in the future.

Section 733. Study of honey imports

Section 733 requires the Secretary of Agriculture to conduct a study and report to Congress on the effect of imported honey on domestic honey producers, on the adequacy of the honey bee population in the U.S. for pollination purposes, and on the domestic honey price support program. The report is due within 60 days of enactment of this Act.

Section 734. Study of circumvention of agricultural quotas

Section 734 provides for a study and a report to be conducted by the Secretary of Agriculture for the purpose of determining whether products containing sugar or dairy products are being imported into the U.S. in such a manner or in such quantities so as to circumvent or avoid the quotas imposed on imports of sugar, sugar containing products, or dairy products under section 22 of the Agricultural Adjustment Act or under the Tariff Schedules of the United States.

The section also provides that in conducting this study, the Secretary shall evaluate—

(1) the efforts undertaken by the U.S. Customs Service in the enforcement of the quotas:

(2) the change in the composition and volume of imports containing sugar or dairy products subsequent to the imposition of the quantitative limitations;

(3) the effectiveness of section 22 in preventing the circumvention or avoidance of the quantitative limitations;

(4) the effect of imports containing sugar or dairy products on the price support programs for these commodities; and

(5) evaluate the use of U.S. foreign trade zones to circumvent the quotas.

The report is to be completed no later than 120 days after the date of enactment of this Act.

Sec. 735. Reports on negotiations to eliminate wine trade barriers

This section provides that the President, no later than 13 months from the date of enactment of this Act, shall update the reports that the President submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate in accordance with the Wine Equity and Export Expansion Act of 1984. The President is directed to submit such updated reports to the above referenced committees.

Each updated report shall contain (1) a description of each tariff or nontariff barrier to trade in U.S. produced wine with respect to which the U.S. Trade Representative has carried out consultations since the submission of the original report required by the Wine Equity and Export Expansion Act of 1984, (2) the status of such consultations, and (3) information, explanations, and recommendations that are based on developments that have occurred since the submission of the original report.

Cost Estimate

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee estimates that the enactment of S. 512 would cause some costs to be incurred by the Federal Government.

In accordance with the Congressional Budget Act of 1974, the Congressional Budget Office prepared the following cost estimate, which is consistent with the Committee's cost estimate.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 9, 1987.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 512, the Agricultural Competitiveness and Trade Act of 1987.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

ROBERT F. HALE
(For Edward M. Gramlich, Acting Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, JUNE 9, 1987

1. Bill number: S. 512.
2. Bill title: Agricultural Competitiveness and Trade Act of 1987.
3. Bill status: As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, May 14, 1987.
4. Bill purpose: The bill seeks to promote the export of agricultural commodities of the United States by increasing the Export Enhancement Program and by increasing authorizations for the targeted export assistance program and for export development activities by the Department of Agriculture (USDA).
5. Estimated cost to the Federal Government: Currently, scorekeeping by the Senate is based on the assumptions underlying CBO's preliminary baseline prepared in January 1987. The following table summarizes the direct spending effects of this bill relative to that baseline.

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991	1992
DIRECT SPENDING—RELATIVE TO JANUARY BASELINE						
Marketing loan for wheat, feed-grains, and soybeans (sec. 301):						
Estimated budget authority				40	575	.....
Estimated outlays				40	575	.....
Export Enhancement Program expansion (sec. 305):						
Estimated budget authority		180	156	158	−19	.....
Estimated outlays		180	156	158	−19	.....
Tobacco (sec. 309):						
Estimated budget authority		−26	23	18	−9	33
Estimated outlays		−26	23	18	−9	33
Agricultural trade missions (sec. 402):						
Estimated budget authority		(1)	.....	.....	.....	.....
Estimated outlays		(1)	.....	.....	.....	.....
Marketing loan for sunflowerseeds and cottonseed (sec. 702):						
Estimated budget authority					25	.....
Estimated outlays					25	.....
Total:						
Estimated budget authority		154	179	216	572	33
Estimated outlays		154	179	216	572	33

[1] Less than $500,000.

In addition to the direct spending provisions, the bill authorizes additional spending subject to appropriations action. These authorizations are summarized in the following table.

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991	1992
Personnel/training (sec. 203):						
Estimated authorization level	(1)	5	5	(1)	(1)	(1)
Estimated outlays		5	5	(1)	(1)	(1)
Advisory Committee (sec. 205):						
Estimated authorization level		(1)				
Estimated outlays		(1)				
Market development (sec. 206):						
Estimated authorization level	15	15	17	17		
Estimated outlays		15	17	17	15	
Unfair trade practices (sec. 209):						
Estimated authorization level	1	1	1	1	1	1
Estimated outlays		1	1	1	1	1
Targeted export assistance increase (sec. 303):						
Estimated authorization level		105				
Estimated outlays		54	51			
Forestry products (sec. 712):						
Estimated authorization level			5	5	5	
Estimated outlays			4	5	5	1
Total:						
Estimated authorization level	16	126	28	23	6	1
Estimated outlays		75	78	23	21	2

[1] Less than $500,000.

The costs of this bill fall within budget function 350.

Basis of Estimate: This estimate assumes enactment of the bill in early August, and appropriation of the authorized amounts for fiscal years 1987 and 1988 prior to October 1, 1987. No 1987 outlays are anticipated from 1987 authorizations, because any appropriations are likely to be made very late in the fiscal year. Additional direct spending is estimated to be $1.2 billion for fiscal years 1987–1992.

Marketing Loan for Wheat, Feedgrains, and Soybeans (Section 301).—The bill provides for a triggered marketing loan program for the 1990 crop of wheat, feedgrains, and soybeans, subject to waiver if the President deems that significant progress has been made toward reducing trade barriers in the GATT negotiations prior to the beginning of the 1990 crop loan activity. A marketing loan program would change current law for these crops by allowing nonrecourse loans to be repaid at levels below loan rates. Assuming that the marketing loan provision would be used, direct spending outlays would be a total of $615 million, mostly in fiscal year 1991. No cost is attributed to the wheat and soybean crop loan activity, as season average prices are projected to be above loan rates in the 1990 marketing year for both commodities. However, for feedgrains, a $0.10 per bushel difference is estimated, with Commodity Credit Corporation (CCC) outlays rising by that difference times the production of participating producers. The bulk of the cost is for corn put under loan and redeemed in fiscal year 1991. If the marketing loan is not triggered, there would be no cost from this provision.

Expanded Export Enhancement Program (Section 305).—This section raises the minimum use under the EEP from $1.0 billion to $1.5 billion and raises the maximum to $2.5 billion, with the program extended two years through fiscal year 1990. The section also calls on the Secretary of Agriculture to consider all interested foreign purchasers for the program and to give priority to traditional importers and to those countries that expand or continue their recent level of purchases. In addition, this section requires the use of current market value rather than acquisition value to account for program activity. It is expected that there would be no additional outlays in fiscal year 1987, because of the time necessary to increase program activity after the assumed mid-summer enactment of the bill.

CBO estimates that Section 305 would raise CCC outlays by $475 million over the 1988–1991 period above that estimated in the January 1987 CBO baseline. The baseline assumed that the Secretary of Agriculture would run the EEP program to meet the $1 billion minimum program level set by the Congress in the Food Security Act of 1985. Section 305 raises the minimum to $1.5 billion. In addition, the baseline assumed use of acquisition costs in valuing program costs, while Section 305 requires a market valuation. This adds $300 million to EEP use relative to the baseline assumptions. The additional program activity would be provided to exporters in the form of generic commodity certificates, which increase CCC net lending costs that are only partially offset by expected higher exports generated by an expanded EEP program.

The EEP program is currently being operated at a level that differs somewhat from the baseline assumptions, since the Administration appears to be aiming at hitting the maximum program level allowed under current law ($1.5 billion over 1986–1988). In addition, the Secretary appears already to be using the new market-value-based accounting system mandated in Section 305. If, based on current practices, it is assumed that the increased program ceiling established in the bill would be met, adding to program activity by $1 billion would raise CCC outlays by $555 million over the 1988–1991 period compared to the Administration's current operation of the EEP.

Tobacco (Section 309).—This section provides that any loss sustained as a result of the esport of tobacco through an export promotion program shall not be taken into account in determining producer assessments. CBO assumes that with this provision, USDA would use one of its export programs to sell some tobacco from the 1985 or 1986 crops that would not otherwise have been sold in fiscal year 1988. Assuming that this export sale would be handled separately from the current Export Enhancement Program, receipts to the CCC from such a sale would result in negative outlays in fiscal year 1988 as those loans are repaid in that year instead of over several years as assumed in the CBO baseline. However, there wold be losses in receipts from previously assumed repayments in later years. In addition, CBO estimates additional outlays for fiscal years 1988–1990 from additional loan activity because of an increase in the marketing quota for the 1988–1990 crops. The marketing quota is based on historical levels of export and domestic use and stock levels. Based on an assumed sale of under one-fifth of

1985 and 1986 crop stocks under loan, the total outlays would increase by $39 million over the 1988–1992 period. If all of those crops under loan were sold at a discounted export prices, the costs would be higher; if there were no discounted export sales outside of the EEP program, there would be no cost from this provision.

Agricultural Trade Missions (Section 402).—This section sets up agricultural aid and trade missions to encourage participation in U.S. agricultural and trade programs. CBO estimates direct spending from CCC funds to be about $250,000 in fiscal year 1988 for this purpose.

Marketing Loan for Sunflower Seeds and Cottonseed (Section 702).—This section requires a marketing loan for sunflower seeds and cottonseed if one is used for soybeans. This provision would result in an additional $25 million in outlays for fiscal year 1991. The cost comes from setting the sunflower seed loan rate at 8.5 cents per pound, which is above the estimated market price for crop year 1990, given marketing loans for grains and soybeans for that year as specified in Section 301. The bill does not specify a minimum support level for cottonseed, and CBO assumes the Secretary would support cottonseed at a price consistent with its historical price relationship to soybeans. Therefore, no cost is estimated for a marketing loan for cottonseed, as its market price is estimated to be above the loan rate, as would also be the case for soybeans.

Authorizations for fiscal years 1987–1992 are estimated to total about $200 million.

Several sections of Title II include authorizations subject to appropriations to improve the export competitiveness of the United States. Such provisions include: authorizing a higher personnel ceiling for the Foreign Agricultural Service of the USDA, authorizing funds for trade shows, providing for training of private sector employees by agricultural attaches, a private sector/USDA personnel exchange program, an advisory committee to evaluate reorganization proposals for USDA, and Congressional representation at trade negotiations. In addition, USDA would be required to provide assistance in preparing cases for private citizens damaged by unfair trade practices. The cost of these programs is largely for personnel salaries and per diem and travel espenses. The authorizations for fiscal years 1987–1990 are estimated to be between $16 million and $23 million a year for Title II.

Targeted Export Assistance (Section 303).—The increase in the authorization subject to appropriations for the targeted export assistance (TEA) program is for one year only, with an increase of $105 million to a total of $215 million for fiscal year 1988. For 1989 and 1990, the authorized level remains at the currently legislated level of $325 million. This program targets exports assistance to U.S. agricultural commodities adversely affected by foreign trade barriers and unfair trade practices. Commodities expected to be targeted with the increased funds are largely non-program ones. The savings in program costs from the gains from some additional program exports is estimated to offset the costs in program outlays of using certificates for this program.

Section 712 provides for a cooperative national forest products marketing program, and authorizes appropriations of $5 million for each of fiscal years 1989–1991.

Subtitle C of Title VII would require the Secretary of Health and Human Services to prepare and implement a plan for safe food imports. The bill would require the Secretary to more closely monitor the importation and sampling of raw agricultural commodities for permitted pesticide levels and to report annually to the Congress. The provisions of Subtitle C do not set specific, quantifiable targets for improved enforcement. Since the Food and Drug Administration (FDA) is already planning to improve its pesticide monitoring program, it is difficult to determine whether the agency will incur any additional cost as a result of enactment of this bill. FDA's estimate of the effect of this legislation is not yet complete. It is possible that additional resources may be needed by FDA in order to comply with the provisions of S. 512 within the time limits stated in the bill. Actual costs to the federal government will depend largely on whether it would be necessary for FDA to expand its staff to accommodate the increased workload.

Section 304 expresses the sense of the Congress that future programming of credit allocations under the GSM-102 short-term export credit guarantee program be done on a country-by-country basis and not linked to specific commodities. The program currently provides a minimum of $5 billion a year in guarantees of short-term export credit extended to finance the export sales of U.S. agricultural commodities. The loan repayments are made over a period of up to 36 months. Government outlays take place only if these credits extended by private banks are not repaid. No costs would result from this provision, because it provides no increase in the amount of credit authorized and requires no changes in program operation.

Other sections of S. 512 are estimated to have no significant costs.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

Estimate prepared by Eileen Manfredi (226-2850), Andrew Morton and Hsin-Hui Hsu (226-2860), and Carmela Dyer (226-2820).

10. Estimate approved by James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Evaluation

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee made the following evaluation of the regulatory impact which would be incurred in carrying out S. 512.

The bill is not a regulatory measure in the sense of imposing government-established standards or economic responsibilities on private individuals or businesses. The bill creates no additional regulations with the possible exception concerning the development of a cooperative national forest products marketing program for wood and wood products.

The bill will result in some additional paperwork or recordkeeping requirements. The bill provides for the submission of several reports to Congress, including: a report on developing markets for

value-added beef, pork and poultry; progress reports from Aid and Trade Missions; agricultural import data; and a report on the use of authority to provide intermediate credit financing for infrastructure develpment in importing countries. The bill will also require several studies, including: the effect of imported honey on the domestic industry; and an evaluation of certain proposals calling for the reorganization of the Department of Agriculture.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

Agricultural Trade Development and Assistance Act of 1954

* * * * * * *

TITLE I

Sec. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

(1) for dollars on credit terms;

(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

(b)(1) Except as provided in paragraph (2), for each of the fiscal years 1986 through 1990 sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of not less than 10 percent of the aggregate value of all sales of agricultural commodities under this title. *For each of the fiscal years 1988 through 1990, each agreement entered into under this title shall provide for some sale for foreign currencies for use under section 108, except for agreements with a country the President determines is incapable of participating in section 108.*

(2) The President may reduce the minimum level of sales for foreign currencies, *or enter into sales agreements not providing for sales for foreign currencies for use under section 108,* required under paragraph (1) during any fiscal year in which the President determines that the level of agricultural commodities furnished under this title will be significantly reduced as a result of compliance with the requirement under paragraph (1).

(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreement.

* * * * * * *

SEC. 103. * * *

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(p) except as provided in sec. 108, assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payment of wages earned in the development and consumation of works of public improvement in the purchasing country, [and]

(q) except as provided in sec. 108, assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country [.]; *and*

(r) give favorable consideration in the allocation of commodities under this title to countries promoting the private sector through the use of section 108.

SEC. 104. * * *

(a) * * *

(b) For carrying out programs of United States Government agencies to—

(1) help develop new markets for United States agricultural commodities (*including wood and processed wood products of the United States*) on a mutually benefitting basis. From sale proceeds and loan repayments under this Act not less than the equivalent of 5 per centum of the total sales made each year under this Act shall be set aside in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph: *Provided,* That the Secretary of Agriculture may release such amounts of the foreign currencies so set aside as he determines cannot be effectively used for agricultural market development purposes under this section, except that no release shall be made until the expiration of thirty days following the date on which notice of such proposed release is transmitted by the President to the Senate Committee on Agriculture, Nutrition, and Forestry and the Senate Committee on Foreign Relations and to the House Committee on Agriculture and the House Committee on Foreign Affairs, if transmitted while Congress is in session, or sixty days following the date of transmittal if transmitted while Congress is not in session. Provision shall be made in sale and loan agreements for the convertibility of such amount of the proceeds thereof (not less than 2 per centum) as the Secretary of Agriculture determines to be needed to carry out the purpose of this paragraph in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commod-

ities. Such sums shall be converted into the types and kinds of foreign currencies as the Secretary deems necessary to carry out the provisions of this paragraph and such sums shall be deposited to a special Treasury account and shall not be made available or expended except for carrying out the provisions of this paragraph. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this paragraph in such countries are not otherwise available, the Secretary of Agriculture is authorized and directed to enter into agreements with such countries for the sale of agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this paragraph. In carrying out agricultural market development activities, nonprofit agricultural trade organizations shall be utilized to the maximum extent practicable. The purpose of this paragraph shall include such representation of agricultural industries as may be required during the course of discussions on trade programs relating either to individual commodities or groups of commodities;

* * * * * * *

SEC. 108. (a) * * *

* * * * * * *

(i) As used in this section and in section 106(b)(4)—

(1) the term "developing country" means a country that is eligible to participate in a sales agreement entered into under this title; **[**and**]**

(2) the term "financial intermediary" means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President, that has the capability of making and servicing a loan in accordance with this section**[**.**]**; *and*

(3) the terms "private sector development activity" and "private enterprise investment" include the construction of low- and medium-income housing and shelter.

SEC. 109. (a) Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President shall consider the extent to which the recipient country is undertaking wherever practicable self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

(1) devoting land resources to the production of needed food rather than to the production of nonfood crops—especially nonfood crops in world surplus;

(2) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise;

(3) training and instructing farmers in agricultural methods and techniques, and reducing illiteracy among the rural poor,

(4) constructing adequate storage facilities;

(5) improving marketing and distribution systems;

(6) creating a favorable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how;

(7) establishing and maintaining Government policies to insure adequate incentives to producers;

(8) establishing and expanding institutions for adaptive agricultural research;

(9) allocating for these purposes sufficient national budgetary and foreign exchange resources (including those supplied by bilateral, multilateral and consortium aid programs) and local currency resources (resulting from loans or grants to recipient governments of the proceeds of local currency sales);

(10) carrying out voluntary programs to control population growth; [and]

(11) carrying out programs to improve the health of the rural poor, including the immunization of children[.]; *and*

(12) promoting the conservation and study of biological diversity.

* * * * * * *

SEC. 202. (a) The President may furnish commodities for the purposes set forth in section 201 through such friendly governments and such agencies, private or public, including intergovernmental organizations such as the world food program and other multilateral organizations in such manner and upon such terms and conditions as he deems appropriate. Such commodities may be furnished for direct distribution, sale, barter, or other appropriate disposition in carrying out the purposes set forth in section 201. The President shall, to the extent practicable, utilize nonprofit voluntary agencies *or cooperatives* registered with, and approved by, the Agency for International Development. If no United States nonprofit voluntary agency registered with and approved by the Agency for International Development is available, the president may utilize a foreign nonprofit voluntary agency with is registered with and approved by the Agency for International Development. Insofar as practicable, all commodities furnished hereunder shall be clearly indentified by appropriate marking on each package or container in the language of the locality where they are distributed as being furnished by the people of the United States of America. Except in the case of emergency, the President shall take reasonable precaution to assure that commodities furnished hereunder will not displace or interfere with sales which might otherwise be made.

* * * * * * *

SEC. 206. *(a)* Except to meet famine or other urgent or extraordinary relief requirements, *or for nonemergency programs conducted by nonprofit voluntary agencies or cooperatives.* no assistance under this title shall be provided under an agreement permitting generation of foreign currency proceeds unless (1) the country receiving the assistance is undertaking self-help measures in accordance with section 109 of this Act, (2) the specific uses to which the foreign currencies are to be put are set forth in a written agreement between the United States and the recipient country, and (3) such agreement provides that the currencies will be used for (A) alleviat-

ing the causes of the need for assistance in accordance with the purposes and policies specified in section 103 of the Foreign Assistance Act of 1961, (B) programs and projects to increase the effectiveness of food distribution and increase the availability of food commodities provided under this title to the neediest individuals in recipient countries. The President shall include information on currencies used in accordance with this section in the reports required under section 408 of this Act and section 657 of the Foreign Assistance Act of 1961, or (C) health programs and projects, including the immunization of children.

(b) Not later than February 15, 1988, and annually thereafter, the President shall report to the Congress on sales and barter, and use of foreign currency proceeds, under this section and section 207 during the preceding fiscal year. Such report shall include information on—

(1) the quantity of commodities furnished for such sale, or barter;

(2) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in such fiscal year;

(3) how such funds and services were used;

(4) the amount of foreign currency proceeds that were used under agreements under this section and section 207 in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this section and section 207 in such fiscal year such use represented;

(5) the President's best estimate of the amount of foreign currency proceeds that will be used, under agreements under this section and section 207, in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the President estimates will be furnished under this section and section 207 in each such fiscal year;

(6) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this section and section 207;

(7) the extent to which such sales, barter, or uses—

(A) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made;

(B) affect usual marketings of the United States;

(C) disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries; or

(D) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

(8) the President's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under this section and section 207.

SEC. 207. (a) A nonprofit voluntary agency or cooperative requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of

any foreign currency proceeds that would be generated with the commodities provided under the agreement.

(b) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than [5 percent] *10 percent* of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.

(c) Foreign currencies generated from any partial or full sales or barter of commodities by a nonprofit voluntary agency or cooperative shall be used—

(1) to transport, distribute, and otherwise enhance the effectiveness of the use of commodities and products donated under this title; and

(2) to implement income generating, community development, health, nutrition, cooperative development, agricultural programs, and other developmental activities.

SEC. 208. (a) Not later than 45 days after submission to the Agency for International Development office in Washington, D.C., the President shall take final action on a proposal submitted by a nonprofit voluntary agency or cooperative, with the concurrence of the field mission, for the delivery of commodities requested.

(b) Not later than 30 days prior to the issuance of a final guideline issued to carry out this title, the President shall—

(1) provide notice of the proposed guideline to nonprofit voluntary agencies and cooperatives that participate in programs under this title, and other interested persons, that the proposed guideline is available for review and comment;

(2) make the proposed guideline available, on request, to any nonprofit voluntary agency, cooperative, and person,; and

(3) take any comments received into consideration before the issuance of the final guideline.

(c) Not later than 15 days after receipt of a call forward from a field mission for commodities or products shall be transmitted to the Commodity Credit Corporation.

AGRICULTURAL ACT OF 1949

* * * * * * *

PRODUCER CONTRIBUTIONS AND PURCHASER ASSESSMENTS FOR NO NET COST TOBACCO FUND

SEC. 106A. (a) * * *

* * * * * * *

(d) The Secretary shall—

(1) require—

(A) * * *

(B) * * *

(i) * * *

(ii) * * *

The amount of producer contributions and purchaser assessments shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Fund of an association. In making

such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The Secretary shall approve the amount of the contributions and assessments determined by an association from time to time under this paragraph only if the Secretary determines that such amount will result in accumulation of a Fund adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with the association, based on reasonable estimates of the amounts which the Corporation will lend to the association under such agreements and the proceeds which will be realized from the sales of tobacco which are pledged to the Corporation by the association as security for loans, *except that any loss that is sustained as the result of the export, pursuant to an export promotion program carried out by the Secretary or the Corporation, of tobacco that has been pledged as collateral for such loans shall not be taken into account in determining such assessments and contributions*;

MARKETING ASSESSMENTS TO NO NET COST TOBACCO ACCOUNT

SEC. 106B. (a) * * *

* * * * * * *

(d)(1) * * *

(2)(A) For purposes of paragraph (1), the Secretary shall determine and adjust from time to time, in consultation with such association, the amount of the marketing assessment which shall be imposed, as a condition of eligibility for price support, on each pound of the kind of tobacco involved marketed by a producer from a farm within such association's area and the amount of the assessment to be paid by purchasers of tobacco. The amount of the assessment to be paid by producers and purchasers shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Account of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The amount of the assessment shall be equal to an amount which, when collected, will result in an accumulation of an Account for such association adequate to reimburse the Corporation for any net losses which the Corporation may sustain under its loan agreements with such association, based on reasonable estimates of the amounts which the Corporation will lend to such association under such agreements and the proceeds which will be realized from the sales of the kind of tobacco involved which are pledged to the Corporation by such association as security for loans, *except that any loss that is sustained as the result of the export, pursuant to an export promotion program carried out by the Secretary or the Corporation, of tobacco that has been pledged as collateral for such loans shall not be taken into account in determining such assessments.* Notwithstanding the foregoing provisions of this paragraph, the amount of any assessment that is determined by the Secretary for the 1986 and subsequent crops of

Burley quota tobacco shall be determined without regard to any net losses that the Corporation may sustain under the loan agreements of the Corporation with such association with respect to the 1983 crop of such tobacco.

* * * * * * *

TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

SEC. 201. * * *
(a) * * *

* * * * * * *

(i)(1) * * *

* * * * * * *

(7) If a producer is permitted to repay a loan for the 1990 crop of soybeans under this subsection at a level that is less than the full amount of the loan pursuant to section 301 of the Agricultural Competitiveness and Trade Act of 1987, the Secretary shall support the price of cottonseeds at such level as the Secretary determines will cause cottonseeds to compete on equal terms with soybeans on the market.

* * * * * * *

(l)(1)*(A)* The Secretary may support the price of sunflower seeds through loans and purchases for each of the 1987 through 1990 crops of sunflowers at such level as the Secretary determines will take into account the historical price relationship between sunflower seeds and soybeans, the prevailing loan level for soybeans, and the historical oil content of sunflower seeds and soybeans, except that the level of loans and purchases may not be less than 8½ cents per pound of sunflower seeds.

(B) If producers are permitted to repay loans for the 1990 crop of soybeans under subsection (i) at a level that is less than the full amount of the loan pursuant to section 301 of the Agricultural Competitiveness and Trade Act of 1987, the Secretary shall support the price of sunflower seeds through loans and purchases for the 1990 crop of sunflowers in accordance with subparagraph (A).

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SEC. 416. * * *

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(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II of the Agricultural Trade Development and Assistance Act of 1954 and under the Food for Progress Act of 1985, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

(2) As used in this subsection, the term "eligible commodities" means—

(A) dairy products, [gains,] *wheat, rice, feed gains,* and oilseeds acquired by the Commodity Credit Corporation through price support operations, *and the products thereof,* that the Secretary determines meet the criteria specified in subsection (a); and

(B) such other edible agricultural commodities as may be acquired by the Secretary or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will in any way reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

(B)(i) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that—

(I) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and

(II) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

(ii) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

(I) have not traditionally purchased the commodity from the United States; or

(II) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

(C) The Secretary shall take reasonable precautions to ensure that—

(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

(D) *If eligible commodities are made available under this section to a friendly country, nonprofit and voluntary agencies and cooperatives shall also be eligible to receive commodities for food aid programs in the country.*

(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period

of time. *In agreements with recipients of eligible commodities under this section (including nonprofit and voluntary agencies or cooperatives), the Secretary, or request, shall approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipients if the agreements meet the requirements of this section.*

* * * * * * *

(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

(A) Sales and barter that are incidental to the donation of the commodities or products.

(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

[(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will enhance the effectiveness of transportation, distribution, and use of commodities and products donated under this subsection, including food for work programs and cooperative and agricultural projects.]

(ii) Foreign currencies generated from partial or full sales or barter of commodities by a nonprofit and voluntary agency or cooperative shall be used—

(I) to transport, distribute, and otherwise enhance the effectiveness of the use of commodities and products donated under this section; and

(II) to implement income generating, community development, health, nutrition, cooperative development, agricultural programs, and other developmental activities.

(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than [5 percent] *10 percent* of the aggregate value of all commodities and products furnished, *or the minimum tonnage required, whichever is greater,* for carrying out programs of assistance under this subsection in such fiscal year. The minimum alloca-

tion requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out the Food for Progress Act of 1985.

(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection, and (II) after one year of acquisition as appropriate to achieve the purpose of clause (i).

(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

No portion of the proceeds or services realized from sales or barter under this paragraph may be used to meet operating and overhead expenses, except as otherwise provided in subparagraph (C) and except for personnel and administrative costs incurred by local cooperatives.

(8)(A) To the maximum extent practicable expedited procedures shall be used in the implementation of this subsection.

(B) The Secretary shall be responsible for regulations governing sales and barter, and the use of foreign currency proceeds, under parargraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

(C)(i) Not later than 45 days after submission to the Agency for International Development office in Washington, D.C., the Secretary shall take final action on a proposal submitted by a nonprofit and voluntary agency or cooperative, with the concurrence of the field mission, for the delivery of commodities requested.

(ii) Not later than 30 days prior to the issuance of a final guideline issued to carry out this section, the Secretary shall—

(I) provide notice of the proposed guidelines to nonprofit and voluntary agencies and cooperatives that participate in programs under this section, and other interested persons, that the proposed guidelines is available for review and comment;

(II) make the proposed guidelines available, on request, to any nonprofit and voluntary agency, cooperative, and person; and

(III) take any comments received into consideration before the issuance of the final guideline.

(iii) Not later than 15 days after receipt of a call forward from a field mission for commodities or products that meets the requirements of this section, the order for the purchase or the supply, from

inventory, of such commodities or products shall be transmitted to the Commodity Credit Corporation.

AGRICULTURAL ADJUSTMENT ACT

* * * * * * *

SEC. 8e. Notwithstanding any other provision of law, whenever a marketing order issued by the Secretary of Agriculture pursuant to section 8c of this Act contains any terms or conditions regulating the grade, size, quality or maturity of tomatoes, raisins, olives (other than Spanish-style green olives), prunes, avocados, mangoes, limes, grapefruit, green peppers, Irish potatoes, cucumbers, oranges, onions, walnuts, dates, filberts, table grapes, or eggplants produced in the United States the importation into the United States of any such commodity, other than dates for processing, during the period of time such order is in effect shall be prohibited unless it complies with the grade, size, quality, and maturity provisions of such order or comparable restrictions promulgated hereunder: *Provided*, That this prohibition shall not apply to such commodities when shipped into continental United States from the Commonwealth of Puerto Rico or any Territory or possession of the United States where this chapter has force and effect: *Provided further*, That whenever two or more such marketing orders regulating the same agricultural commodity produced in different areas of the United States are concurrently in effect, the importation into the United States of any such commodity, other than dates for processing, shall be prohibited unless it complies with the grade, size, quality, and maturity provisions of the order which, as determined by the Secretary of Agriculture, regulates the commodity produced in the area with which the imported commodity is in most direct competition. *The effective period for the prohibition on the importation of a commodity under this section may begin in advance of the date when such order is in effect if the Secretary finds that, to effectuate the declared policy of this Act, such action is necessary to prevent the importation into the United States of such commodity that would otherwise fail to meet the grade, size, quality, or maturity when the imported commodity is marketed during the period of time such order is in effect.* Such prohibition shall not become effective until after the giving of such notice as the Secretary of Agriculture determines reasonable, which shall not be less than three days. In determining the amount of notice that is reasonable in the case of tomatoes the Secretary of Agriculture shall give due consideration to the time required for their transportation and entry into the United States after picking. Whenever the Secretary of Agriculture finds that the application of the restrictions under a marketing order to an imported commodity is not practicable because of variations in characteristics between the domestic and imported comodity he shall establish with respect to the imported commodity, other than dates for processing, such grade, size, quality, and maturity restrictions by varieties, types, or other classifications as he finds will be equivalent or comparable to those imposed upon the domestic commodity under such order. The Secretary of Agriculture may promulgate such rules and regulations as he deems

necessary, to carry out the provisions of this section. Any person who violates any provision of this section or of any rule, regulation, or order promulgated hereunder shall be subject to a forfeiture in the amount prescribed in section 8a(5) of this Act or, upon conviction, a penalty in the amount prescribed in section 8c(14) of this Act, or to both such forfeiture and penalty.

* * * * * * *

FOOD FOR PEACE ACT OF 1966

* * * * * * *

SEC. 4. (a) * * *

(b)(1) Export sales of agricultural commodities out of Commodity Credit Corporation and private stocks on credit terms in excess of three years, but not more than ten years, may be financed by the Commodity Credit Corporation. In addition, the Corporation may guarantee the repayment of loans made to finance such sales. *For the purpose of this subparagraph, the term "agricultural commodities" includes wood and processed wood products, as defined in section 1125(d) of the Food Security Act of 1985 (7 U.S.C. 1736t(d)).*

(2) * * *

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FOOD SECURITY ACT OF 1985

* * * * * * *

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1107. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, [and September 30, 1987] *through September 30, 1990,* to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) * * *

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FOOD FOR PROGRESS

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SEC. 1110. * * *

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(j) Within 90 days after the end of each fiscal year in which an agreement entered into with a country under this section is in

effect, the President shall report to the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country.

(k) In carrying out this section, the President shall, on request, approve multiyear agreements to make agricultural commodities available for distribution or sale by the recipient if the agreements meet the requirements of this section.

[(k)**]** *(l)* This section shall be effective during the period beginning October 1, 1985, and ending September 30, 1990.

* * * * * * *

TARGETED EXPORT ASSISTANCE

SEC. 1124. (a) **[**For export activities authorized to be carried out by the Secretary of Agriculture or the Commodity Credit Corporation, the Secretary of Agriculture shall use under this section, in addition to any funds or commodities otherwise required under this Act to be used for such activities, for the fiscal year ending September 30, 1986, and each of the fiscal years thereafter through September 30, 1990, not less than $325,000,000 of funds of, or an equal value of commodities owned by, the Corporation.**]** *In addition to any other funds or commodities required under this Act to be used for export activities authorized to be carried out by the Secretary of Agriculture or the Commodity Credit Corporation, the Secretary shall—*

(1) for each of the fiscal years 1986 and 1987, use under this section not less than $110,000,000 of the funds of, or an equal value of commodities owned by, the Corporation;

(2) for the fiscal year 1988, use under this section not less than $215,000,000 of the funds of, or an equal value of commodities owned by, the Corporation, except that the Secretary is required to use funds or commodities of the Corporation in excess of $110,000,000 in value only to the extent appropriations to reimburse the Corporation for such additional expenditures of funds or distribution of commodities are made available in advance to carry out this section; and

(3) for each of the fiscal years 1989 and 1990, use under this section not less than $325,000,000 of the funds of, or an equal value of commodities owned by, the Corporation.

(b)(1) **[**Funds**]** *Except as provided in paragraph (3), funds* or commodities made available for use under this section shall be used by the Secretary only to counter or offset the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (2)), import quotas, or other unfair trade practices of a foreign country.

(2) * * *

(3)(A) Funds or commodities made available for use under this section may be used by the Secretary to assist organizations consisting of producers or processors of United States agricultural commodities in amounts necessary to compensate the organizations for reasonable expenses incurred in defending countervailing duty actions instituted after January 1, 1986, in foreign countries to offset

the benefits of the agricultural programs provided for under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.). In no event may such assistance exceed $500,000 for the defense of any one countervailing duty action.

(B) If the Secretary declines to make funds available under this paragraph, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the reasons for declining to make the funds available.

SHORT-TERM EXPORT CREDIT

SEC. 1125. (a) * * *

(b) Effective for the fiscal year ending September 30, 1986 and each fiscal year thereafter through the fiscal year ending September 30, 1990, the Comodity Credit Corporation shall make available not less than $5,000,000,000 in credit garantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof *including wood and processed wood products.*

(c) * * *

(d) For the purpose of this section, the term, "wood and processed wood products" includes logs, lumber (boards, timber, millwork, molding, flooring, and siding), veneer, panel products (plywood, particle board, and fiberboard), utility and telephone poles, other poles and posts, railroad ties, wood pulp, and wood chips.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1127. (a) * * *

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) * * *

[(2) shall, to the extent that agricultural commodities and the products thereof are to be provided to foreign purchasers during any fiscal year, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and the products thereof and who continue to purchase such commodities and the products thereof on an annual basis in quantities greater than the level of purchases in a previous representative period;]

(2) shall—

(A) in the case of agricultural commodities other than commodities referred to in subparagraph (B), to the extent that the commodities and the products thereof are to be provided to foreign purchasers during any fiscal year, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and the products thereof and who continue to purchase such commodities and products on an annual basis in quantities greater than the level purchases in a previous representative period; and

(B) in the case of wheat, feed grains, and commodities for which the Secretary has issued a determination under subsection (j), only to the extent that the Secretary is required to provide commodities and the products thereof to counter or offset adverse effects or fluctuations pursuant to subsection (a)(3)(A), make the commodities and the products thereof available to all interested United States exporters, users, processors, or foreign purchasers in sufficient quantities to make the commodities competitive and increase the use of the commodities, giving priority to—

(i) countries that have traditionally imported or purchased the commodities and products; and

(ii) countries tht continue or begin to import or purchase the commodities and products on an annual basis in quantities equal to or greater than the level of imports or purchases in a previous representative periods;

(3) shall encourage increased use and [avoid] *minimize* displacing usual marketings of United States agricultural commodities and the products thereof;

* * * * * * *

[(i) During the period beginning October 1, 1985, and ending September 30, 1988, the Secretary shall use agricultural commodities and the products thereof referred to in subsection (a) that are equal in value to not less than $2,000,000,000 to carry out this section. To the maximum extent practicable, such commodities shall be used in equal amounts during each of the years in such period.]

(i)(1) The Secretary shall use agricultural commodities and the products thereof referred to in subsection (a) to carry out this section that are equal in value to—

(A) during the 3-year period ending on September 30, 1988, not less than $1,000,000,000;

(B) during the 2-year period ending on September 30, 1990, not less than $500,000,000; and

(C) during the 5-year period ending September 30, 1990, not more than $2,500,000,000.

(2) To the maximum extent practicable, such commodities and products shall be used in equal amounts during each of the years in the periods referred to in paragraph (1).

(3) The value of the commodities and the products thereof used in carrying out the program established by this section shall be determined on the basis of the market value of such commodities and the products thereof when made available under this section.

(j)(1) Producers of any agricultural commodity referred to in subsection (a)(2) may petition the Secretary to request treatment for the commodity similar to the treatment provided for wheat and feed grains under subsection (b)(2)(B).

(2) Within 30 days after receipt of a petition, the Secretary shall investigate the request and determine whether to include such commodities under subsection (b)(2)(B).

(3) Such determination shall be published in the Federal Register and shall be based on—

(A) the preference of the domestic industry that produces the specific commodity; and

(B) the trade interests of the United States.

* * * * * * *

AGRICULTURAL ATTACHE REPORTS

SEC. 1132. (a) * * *

(b) [The Secretary shall annually compile the information contained in such reports and make such information available to Congress, the Agricultural Policy Advisory Committee and the agricultural technical advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155), and other interested parties.] *The Secretary shall—*

(1) annually compile the information contained in such reports;

(2) in consultation with the agricultural advisory committees established under section 135(c) of the Trade Act of 1974 (19 U.S.C. 2155(c)), include in the compilation a ranking of each trade barrier identified in subsection (a) by commodity group according to the potential percentage increase of dollar sales for each group;

(3) include in the compilation a list of actions undertaken or actions planned to be undertaken to reduce or eliminate such trade barriers; and

(4) make the compilation available to Congress, the agricultural policy advisory committees, and other interested parties.

* * * * * * *

FARM CREDIT ACT OF 1971

SEC. 4.20. TERMINATION OF PROVISIONS.—The provisions of [(1)] section 2.3 of this Act authorizing the Federal intermediate credit banks to lend to or discount paper for other financial institutions [, and (2) section 3.7(b) of this Act authorizing the financing of certain domestic or foreign entities inconnection with the import or export activities of cooperatives which are borrowers from the banks for cooperatives,] shall expire on September 30, 1990, unless extended by Act of Congress prior to that date. Any contract or agreement entered into under the authority of [either provision] *such provision* prior to its expiration shall remain in full force and effect notwithstanding such expiration.

* * * * * * *

FEDERAL MEAT INSPECTION ACT

SEC. 20. IMPORTS.—Adulteration or misbranding prohibition; compliance with inspection, building construction standards, and other provisions; treatment as domestic articles subject to this chapter and food, drug, and cosmetic provisions; marking and labeling; personal consumption exemption.

(a) * * *

* * * * * * *

(e) Not later than March 1 of each year the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate a comprehensive and detailed written report with respect to the administration of this section during the immediately preceding calendar year. Such report shall include, but shall not be limited to—

(1) * * *

(2) * * *

(3) * * *

(4) the number of inspectors licensed by each country from which any imports subject to the provisions of this section were imported who were assigned, during the calendar year concerned, to inspect such imports and the facilities in which such imports were handled and the frequency and effectiveness of such inspections; [and]

(5) the total volume of carcasses or meat or meat products referred to in subsection (a) of this section which was imported into the United States during the calendar year concerned from each country, including a separate itemization of the volume of each major category of such imports from each country during such year, and a detailed report of rejections of plants and products because of failure to meet appropriate standards prescribed by this chapter [.] *; and*

(6) the name of each foreign country that applies standards for the importation of meat articles from the United States that are described in subsection (h)(2)(A).

* * * * * * *

(h)(1) As used in this subsection;

(A) The term "meat articles" means carcasses, meat, and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, that are capable of use as human food.

(B) The term "standards" means inspection, building construction, sanitary, quality, species verification, residue, and other standards that are applicable to meat articles.

(2) On request of the Committee on Agriculture of the House of Representatives or the Committee on Agriculture, Nutrition, and Forestry of the Senate, or at the initiative of the Secretary, the Secretary shall determine whether—

(A) a foreign country applies standards for the importation of meat articles from the United States that—

(i) are not substantiated by reliable analytical methods; or

(ii) are not applied to domestic meat articles produced in the country in the same manner as the country applies the standards to meat articles imported from the United States; and

(B) other trade measures available to the United States are not adequately addressing the problem described in subparagraph (A).

(3) If the Secretary determines that a foreign country applies standards as described in paragraph (2)(A) and that other trade measures are not adequately addressing the problem, a meat article slaughtered in a plant in the foreign country shall not be permitted entry into the United States unless the Secretary has issued a certification stating that the meat article has met the standards applicable to meat articles in commerce within the United States.

(4) The Secretary shall—

(A) periodically review such certifications; and

(B) revoke any certification if the Secretary determines that the plant involved is not applying standards described in paragraph (3).

* * * * * * *

COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978

* * * * * * *

SEC. 14. COOPERATIVE NATIONAL FOREST PRODUCTS MARKETING PROGRAM

(a) FINDINGS AND PURPOSES.—

(1) FINDINGS.—Congress finds that—

(A) the health and vitality of the domestic forest products industry is important to the well-being of the economy of the United States;

(B) the domestic forest products industry has a significant potential for expansion in both domestic and foreign markets;

(C) many small-sized to medium-sized forest products firms lack the tools that would enable them to meet the increasing challenge of foreign competition in domestic and foreign markets; and

(D) a new cooperative forest products marketing program will improve the competitiveness of the United States forest products industry.

(2) PURPOSES.—The purposes of this section are to—

(A) provide direct technical assistance to the United States forest products industry to improve marketing activities;

(B) provide cost-share grants to States to support State and regional forest products marketing programs; and

(C) target assistance to small-sized and medium-sized producers of solid wood and processed wood products, including pulp.

(b) PROGRAM AUTHORITY.—

(1) IN GENERAL.—The Secretary shall establish a cooperative national forest products marketing program under this Act that provides—

(A) technical assistance to States, landowners, and small-sized to medium-sized forest products firms on ways to improve domestic and foreign markets for forest products; and

(B) grants of financial assistance with matching requirements to the States to assist in State and regional forest products marketing efforts targeted to aid small-sized to

medium-sized forest products firms and private, nonindustrial forest landowners.

(2) INTERSTATE COOPERATIVE AGREEMENTS.—Grant agreements shall encourage the establishment of interstate cooperative agreements by the States for the purpose of promoting the development of domestic and foreign markets for forest products.

(c) LIMITATIONS.—

(1) COOPERATION WITH OTHER FEDERAL AGENCIES.—In carrying out this section, the Secretary shall cooperate with Federal departments and agencies to avoid the duplication of efforts and to increase program efficiency.

(2) DOMESTIC PROGRAM.—The program authorized under this section shall be carried out within the United States and not be extended to Department of Agriculture activities in foreign countries.

(d) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for each of the fiscal years beginning October 1, 1988, and ending September 30, 1991, to carry out this section.

(e) PROGRAM REPORT.—The Secretary shall report to Congress annually on the activities taken under the marketing program established under this section. A final report including recommendations for program changes and the need and desirability of the reauthorization of this authority, and required levels of funding, shall be submitted to Congress not later than September 30, 1990.

ADMINISTRATION VIEWS

The Committee received the following letter from Secretary of Agriculture Richard E. Lyng setting forth the Administration's views on the substitute amendment to S. 512 as introduced for markup by the Committee.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Department of Agriculture would like to offer its views on S. 512, the "Agricultural Competitiveness and Trade Act of 1987" which is under consideration by the Committee.

The bill would generally increase export program obligations, including export subsidies, and specify by statute, personnel activities and program management techniques employed by the Department. The changes being considered by the Committee will result in very little benefit to our export situation, and will greatly complicate our operation of programs.

We have commented often and clearly on our position regarding an across-the-board application of the Export Enhancement Program (EEP). We remain adamantly opposed to it as an unnecessary and counter-productive use of the program in markets and for commodities not adversely affected by competitors' subsidies. If en-

acted, this provision would reduce the price of our commodities with little prospect for additionality from current sales volumes and will reduce our exchange earnings—thus worsening our trade imbalance with some of these countries.

We also strongly oppose the triggered marketing loan concept which would link domestic farm program benefits to our negotiation of a multilateral trade agreement in agriculture. A mandated marketing loan could be costly to the U.S. and an unnecessary threat to our negotiating partners. Our competitors are well aware of the U.S. ability and willingness to subsidize trade. They are far more interested in the level of commitment of our political leaders to the Uruguay Round of Multilateral Trade Negotiations (MTN).

The Committee will look at provisions reorganizing the functions and coordination of programs here in the Department, and establishing a new advisory committee. Such proposals are unnecessary and ignore both the numerous existing advisory committees, and the careful, and effective coordination of programs already in place. We believe good advice was contained in a report issued March 12, 1987 by the General Accounting Office (GAO) which recommended a thorough impact analysis of reorganization before undertaking such a change.

The interest in increasing export promotion implies that more of a good thing is better. Export promotion programs work, but the problems facing our exports are so dynamic that increased spending on promotion may be wasteful, and could build false expectations. We will continue to utilize the authorities for export promotion provided in the Food Security Act of 1985, and we will agressively pursue the removal of barriers to our exports both bilaterally, and through the MTN. Clearly, the attention of the Congress to resolving the budget deficit is the single, best solution to the country's trade problem. Therefore, we oppose measures that would increase Federal outlays.

We greatly appreciate the cooperation of the Committee and its staff and hope that you will seriously consider each of the provisions of S. 512. So many are costly and ineffective in expanding U.S. agricultural exports that unless corrective changes are made, we could not recommend that the President approve the bill.

The Office of Management and Budget has advised that enactment of S. 512 in its current form would not be in accord with the program of the President.

Sincerely,

RICHARD E. LYNG.

The Committee also received the following letter from Acting Secretary of Agriculture Peter C. Myers setting forth the U.S. Department of Agriculture's interpretation of section 303 of the substitute amendment to S. 512 as introduced for markup by the Committee.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, May 14, 1987.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR SENATOR LEAHY: This letter is to provide you with the Department of Agriculture's interpretation of the effect of Section 303 of the substitute amendment offered by Senator Leahy to S. 512, which amends Section 1127 of the Food Security Act of 1985.

The Department strongly opposes Section 303 and any change in the Export Enhancement Program. Inclusion of such changes in S. 512 will result in a veto recommendation to the President.

Section 303 as drafted presents many ambiguities; however, we believe its general effect would be to mandate a broadening of the application of the Export Enhancement Program (EEP). The provision removes the requirement for additionality in EEP sales in the case of wheat and feed grains and certain other commodities, and relaxes that requirement in the case of yet other commodities. The section also appears to require the Secretary to make EEP available in order to make those commodities competitive with other supplying countries. Such an expansion of the program, we believe, would result in a waste of American taxpayer resources, and would severly hurt our relations with non-subsidizing competitors.

By definition, reducing the requirement for additionality means increasing the overall level of program bonuses with little corresponding gain in exports. For example, the likelihood of additional sales to countries such as Japan, Korea, and Taiwan is very limited since price is not the only factor these countries take into account when they make buying decisions. Therefore, subsidizing these sales would increase program cost with no commensurate benefit.

Expanding the application of the program will increase dramatically the level of bonuses awarded in the program while reducing additionality and thus result in very little gain in overall exports. Given the current average bonus level of $40 per ton for wheat, we would only be able to increase our forecast for wheat exports next year by three or four million tons—even if we expanded EEP to all wheat sales. With bonuses offered on all wheat sales, the increased cost of achieving that three or four million tons would be an increase in total bonuses from $600 million to almost $1.5 billion, or approximately $225 for each additional ton sold.

Section 303 would end the current targeting of the program at subsidizing competitors and would result in a general subsidization of U.S. prices against non-subsidizing supplier price levels. Overall, it would force world prices of wheat and feedgrains down even lower and result in increased program costs.

The policy change proposed by Section 303 could be disastrous to our objectives in the new round of Multilateral Trade Negotiations (MTN). It creates an excuse for those countries which have a limited interest in the success of the negotiations to slow its progress. In short, Section 303 would be extremely counterproductive to U.S. trade policy objectives and the achievements to date of the Export Enhancement Program. Competitor countries have already con-

veyed to the U.S. that they will respond to any expansion of the EEP.

Since the Commodity Credit Corporation is presently issuing generic commodity certificates as bonuses under the EEP, there is another major concern that the language in section 303 could be interpreted to require that commodity specific certificates for wheat and feedgrains be issued in order to make wheat and feedgrains competitive. This would place an additional administrative burden on the program. The entire provision is without merit and contrary to the objective of opening markets. Again, this Department cannot recommend that the President approve a bill which reduces his flexibility in administering the Export Enhancement Program.

The Office of Management and Budget has Advised that enactment of S. 512 in its current form would not be in accord with the program of the President.

Sincerely,

PETERS C. MYERS,
Acting Secretary.

The Committee received the following letter from the United States Trade Representative Clayton Yeutter setting forth the Administration's views on the substitute amendment to S. 512 as introduced for markup by the Committee.

THE UNITED STATES TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, May 5, 1987.

Hon. PATRICK LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I would like to provide my comments on the Committee's proposed amendment to S. 515, the Agricultural Competitiveness and Trade Act of 1987.

In many respects the amendment is a useful and helpful piece of legislation. However, there are certain portions of the amendment that I believe will not be helpful in pursuing our goal of a freer marketplace in which our farmers can compete.

Although the amendment does recognize the universal nature of the agricultural subsidization problem, Section 103 provides country specific findings, policy and objectives for the European Community, Japan and Korea, and sets negotiating priorities. I believe that it is a serious mistake to concentrate our focus too narrowly on a few countries, particularly when the size of a country's overall trade balance with the United States may or may not have anything to do with its agricultural policies. We must not overlook the fact that there are extremely protective policies in most developed countries and in some developing countries as well. In my view, we will not succeed in the Uruguay Round unless we have a commitment by all countries to engage in fundamental reform of our agricultural systems.

With regard to the Export Market Development Advisory Committee proposed in Section 201, I believe that it is inappropriate to have Members of Congress and Cabinet-level officers making recommendations to an Under Secretary of Agriculture. We have al-

ready established an interagency process for the review of export enhancement proposals; this process operates quite effectively.

There is a further problem in Section 210 with regard to the inclusion of private sector review of Export Enhancement Program proposals: many of these proposals are extremely market sensitive, and revealing the details of the proposals to a select group of provate-sector individuals would give them an unfair advantage in the market. We have already established an Agricultural Policy Advisory Committee and a number of Agricultural Technical Advisory Committees which give advice to the Secretary of Agriculture and the U.S. Trade Representative on policies and programs where appropiate.

I would point out that Section 303 of the amendment, which proposes to make the Export Enhancement Program available for feed grains and wheat on an across-the-board basis, would be an increasing exports. The current program operating guidelines attempt to limit use of the program to those cases in which exports of a competing subsidized supplier can be displaced. An across-the-board program, on the other hand, would principally target our own exports in many instances, and relatively unsubsidized exports of other countries in other instances.

Furthermore, the likelihood that an across-the-board program could be maintained discriminatorily in favor of wheat and feed grains is extremely slim. If it were expanded to other commodities, the costs would rise commensurately.

Section 307 sets forth a requirement to study the effects of reducing or eliminating the effects of the Section 22 waiver for dairy products. A Committee draft description of the provision states that the purpose of this report is to improve the negotiating position of the U.S. if the adverse effects of this change are known. I must make two comments in this regard. First, we cannot legitimately expect other countries to put all their policies on the negotiating table if we do not do the same. You can be sure that producer groups in other countries will be as anxious about the negotiations as our own dairy producers may be. But the negotiations are doomed from the beginning if we do not approach them openly.

Secondly, we must remember that all other countries will be making changes in their agricultural policies at the same time that many changes in U.S. policy would be made, so we cannot consider changes in U.S. policy in isolation. In fact, reductions in government subsidies on a world-wide basis will provide significant benefits to efficient producers in the form of higher world prices.

Sincerely,

CLAYTON YEUTTER.

ADDITIONAL VIEWS OF SENATOR TOM DASCHLE TO S. 512, THE AGRICULTURE COMMITTEE TRADE BILL

Section 307 of this bill (A Study of Dairy Import Quotas) has the potential of addressing a similar issue of importance to the dairy industry, imported casein products. This provision requires the Secretary of Agriculture to examine the effect of the dairy import quota system on the domestic dairy industry and will provide important and necessary information to this Committee for future dairy policy deliberations.

In part, this information will be useful during future deliberations on the affect of casein imports on domestic dairy producers. Casein, most of which is imported, has had a dramatic effect on the dairy industry, mainly because these imports are allowed generally unrestricted access to U.S. markets.

Casein imports have displaced domestic sales of milk products, increasing from 127 million pounds in 1981 to 231 million pounds in 1985.

In addition, food and feed use of these casein imports have risen from one percent of utilization in 1955 to 90 percent utilization in 1985.

This dramatic increase is due, in part, to the level of subsidization casein receives in some markets. During 1985, in a number of countries, some casein products were exported at 94 cents per pound, while, at the same time, producers in the world market, received $1.70 per pound. This translates to a subsidy level of 76 cents per pound.

Our dairy producers cannot expect to compete against this type of blatant subsidization. At a time when producers are facing additional reductions in price support levels as well as other financial sacrifices, they should not be expected to shoulder this unreasonable import burden.

Section 307 will provide the Congress with the necessary information to evaluate the effect of dairy imports on the domestic dairy industry and approach the increase in casein imports in a logical and effective manner.

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